book," he said, not a spend annexing of propagand real book."

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collection only in France like

al was given in a ceremony of Hearl de Ville by Alsin in the H

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neer who formed a small on

The New York Times the

had a "clear, singing neit, plenty of power," but that he may take some getting and Berman praised the F36 at

canto piano," but said be be

stopped loving his Stemen

Donna Rice, whose relate with Gary Hart ended in its Colorado senator's 1988 h

cratic presidential hopes, he

make a film about Han aidin

Both Hart's attorney and mi

spokesman said the promi foundered because of what

called creative differences.

CLASSIFIES!

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Stocks Hit

As Dollar

Weakens

Dow Loses 18;

Asia and Europe

Compiled by Our Staff From Dispatches
NEW YORK — U.S. stock
prices slipped Wednesday in ner-

vous trading capping a day of mar-

ket gloom around the world caused

The Dow Jones industrial aver

age of 30 leading U.S. stocks lost 18.24 points to end af 1,945.29.

Broader todicators of market per-

formance also fell, trailing key in-dexs in London, Tokyo, Hong

Traders attributed the renewed

international anxiety to the belief

that the United States is not acting

aggressively enough to correct its

buge hudget and trade deficits, which have battered the U.S. cur-

rency. As the dollar weakens.

American exports become eheaper

and gain an edge in world markets, thus posing a threat to important

The dollar hit postwar lows

against the yen and Deutsche mark

on Tuesday before recovering later

in the day. The U.S. currency was weaker again on Wednesday in

New York and London, but closed

above the trough touched on Tues-day (see page 19).

In New York, issues that de-

clined in price led advancing ones

by 9 to 7, and volume eased to

about 202.53 million shares from

Those levels were high by histori-

cal standards hut far below the

huge volume seen in recent weeks.

The New York Stock Exchange

again closed an hour and a half early, at 2:30 P.M., to allow dealers

to catch up with the backlog of

Lon Gorman, a senior trader at

First Boston Corp., said the market has lost faith to "anything signifi-

cant coming out of Washington' on the hudget or the delicit.

"People are very antsy, very ner-vous," he said.

Mr. Gorman said that Wall

Street already has discounted a minimum \$23 hillion cut to the

budget delicit for the current finan-

cial year and is looking for bigger

thing concrete, the longer the mar-

ket will be in disarray," he said. "If

See MARKETS, Page 14

"The longer we don't get any-

reductions.

227.84 million on Tuesday.

industries to many countries.

by the shrinking dollar.

Kong and Paris.

Prices Fall in

PARIS, THURSDAY, NOVEMBER 5, 1987

speech in Minischer Desire self 256-page book would go only the United States and 17 countries in two weeks "lift he said," not a speed Russian Calls for The Italian fashion designated Coveri was awarded the daille de Vermeil of the city of the countries on Tuesday for his continuity A Review

Official Says It's Time to Rethink Czech Invasion

budget minister and mayorate
ty to Prime Minister in
Chirac, who is also mayord h By Celestine Bohlen Washington Post Service

MOSCOW — The director of The Soviet pianist Law he played a Liszt concerto to Leningrad Philharmonic at C the Soviet Communist Party's leading ideological think tank said Wednesday that it might be time for a new analysis of the events that gio Hall, but the novely as led to the 1968 invasion of Czechoslovakia_

inch monster with four politics monster with four politics part lid and a fighting of 1,518 pounds. It is the politics of 2,518 pounds. It is the politics of 2,518 pounds a small of the politics of the poli "I think there is a need to think over the events of 1968, the inter-vention," said Georgi Smirnov, director of the Institute of Marxism-Leninism, at a press conference in Moscow held in connection with in 1981 near Vertice, uning in 1981 near Vertice, uning inc of grand pianos topped F308, of which there are only celebration of the 70th anniversary of the Bolshevik Revolution. so far. At 577,000 or so, he tops the 1,058-pound Block imperial, which sells for a \$75,000. Harold C. Schools The Men. York Time the

The Soviet leader, Mikhail S. Gorbachev, in a meeting with for-

ON PAGE 6

Gorbacher's speech gives Western analysts lots to ar-

gue about.

The limits on Gorbachev's reforms are apparent after tests in recent days. Moscow's closest allies interpret the Gorhachev speech in light of their own policies.

eign delegates on Wednesday, also ken off negotiations with AK signaled new flexibility in Moscow's dealings with its allies. He rejected what he called the "arrogance of omniscience" that he said spoke of "a tenacious habit of recting other points of view out of

Mr. Smirnov, answering a ques-tion about the "Prague Spring" of 1968, said it was a legitimate ques-ANNOUNCEMEN the SAACHING CLEL CHATEAU DELIVE.
Sent trained in the content of t tion that needed "a new assess-

Existing Appear.

From the March III. has been but he decrease of liberalization of the period of liberalization in Czechoslovakia and the Soviet reaction to it.

The March III. See the March III. has been views on the period of liberalization in Czechoslovakia and the Soviet reaction to it. FOR MORE and scientifically historic issue

upon myself," he said. "I have a

share it with you." -Mr. Smirnov's comment was aprently an indication that the ex-

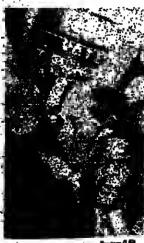
Kiosk

U.S. Curtails

Japan Sanctions WASHINGTON (UPI) President Ronald Reagan, cit-

ing progress in a trade dispute over computer chips, lifted \$34 million in sanctions against Ja-pan on Wednesday. But he left sanctions totaling \$165 million in place to force greater U.S. access to the Japanese market. On Tuesday, the White House said the sanctions would be partially lifted following a finding that Japan was complying with an agreement not to dump semiconductors in third countries at below market prices. Washington imposed 300 million in sanctions in April to retaliate for Tokyo's failure to allow freer trade in

conconductors.



In Philadelphia, W. Wilson Goode claimed an election victory in his bid for a new four-year term Page 3. as mayor.

GENERAL NEWS President Reagan tried to ease the lears of European con-

servatives about a nuclear arms

BUSINESS/FINANCE The Bank of England sanctioned a half-point cut in key British interest rates. Page 13.

Dow close: DOWN 18.24 The dollar in New York: DM £ Yen FF 1.7035 1.7545 136.65 5.798

Zhao Seen Suiting His Deeds to Words

By Edward A. Gargan New York Times Service

Ziyang, trailed by the other four ber Central Committee. And Mr. members of the new Politburo's Zhao won approval for continuing Standing Committee, met the the economic transformation of world press in the Great Hall of the China, a process initiated by Mr. People on Monday afternoon, not Deng in 1978. one of the Chinese leaders wore the familiar, high-collared Man suit.

everything, Mr. Zhao's message was clear: China was moving force-

NEWS ANALYSIS

fully onto the world stage with new leaders, aggressive new policies and increased openness. And China, the message went, is moving beyond the decade of Deng Xiaoping, the country's senior leader, who has resigned all but one of his posts.

This was no accident," a Western analyst said here. "They were told to wear those suits." Over the last week, during the 13th congress of the Chinese Communist Party, Mr. Zhao got his way

on more than just the leadership's dress code. He and his mentor, Mr. Deng, persuaded or forced virtually all the revolutionaries who brought

retire. More youthful technocrats,

konwn less for ideological acrobatics than for carrying out tough poli-BEIJING - When Zhan cies, were elevated in the 175-mem-

Mr. Zhao's triumph is even more remarkable than it appears at first In a land where nuance can be blush. Less than a year ago, China was gripped by political turnoil that boiled over in the face of na-tionwide student demonstrations for democracy. Mr. Deng, who carefully nurtured a team led by Mr. Zhao and Hu Yaobang, capitulated to a coalition of hard-line Marxists and forced Mr. Hu to step down as party leader.

The hard-liners argued, successfully, that Mr. Hu's talk of stepping up economic change and broadening the arena of permissible expression had precipitated instability and undermined the authority of the party itself.

A campaign against the perni-cinus influence of "bourgeois liber-alization" crupted, cowing intellectuals and artists.

So resurgent were the orthodox Marxists that the government-controlled press was dominated by talk Mao to power four decades ago to

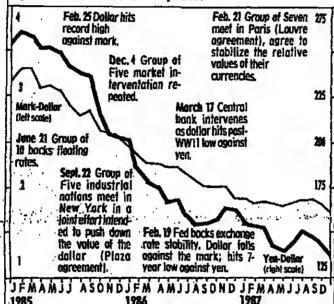
See ZHAO, Page 2



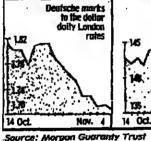
Floor traders in London reacting Wednesday as share prices took another sharp drop.

If the Worst Is Over, Europe May Be Spared Economic Harm

Marking the Decline of the Dollar Monthly average exchange rate of the yen and the mark against the dollar since January 1985.



pioration of sensitive subjects in 1985 1986 1987 Soviet history will go forward from Pound Sterling to the dollar daily Lundon See SOVIET, Page 2



By Clyde Haberman New York Times Service supporters, recognizing that there are widely shared doubts about his abili-

take over as prime minister on Friday in an atmosphere of lowered expectacountry's most popular leaders. Com-pared with Yasuhiro Nakasone, Mr. Takeshita casts a pale shadow of noncommitment and caution. Some political pundits already are predicting that he will not last longer than a

calls on foreign diplomats and jour-

International Herald Tribune
PARIS — Provided the worst is nver, the major West European economies may not be too severely hurt by the recent world stock market collapse and the subsequent turbulence in international currency markets, government officials and private analysts said Wednes-Economists emphasize that

By Reginald Dale

grave uncertainties remain, particularly over the future value of the dollar and U.S. economic growth. West European tovestors or any ments constraints, private analysis much more extensive.

sharp cutbacks to business activity. still expect growth to reach 2.5 to 3 None of the four European members of the Group of Seven. the leading industrial democracies. has yet felt obliged to adjust substanually downwards its official growth projections for the coming

The governments of three of the four - West Germany, Britain and France — continue in insist that their domestic economies are basi-cally sound and that only the outside world has changed.

percent next year, about the same level as forecast before the collapse. In Italy, as in the other three, analysis see few signs of a sudden

outhreak of the "wealth effect," a reluctance by people to spend money when they feel - or are poorer. The ftalian bourse has to any case been bearish for most of the year.

For the time being, there is less concern in Western Europe generally about the possibility of an in the fourth. Italy, where the abrupt drop in consumer spending So far, however, they see little economy was already suffering than there is in the United States, evidence of panic selling by small from inflation and balance of pay- where private stock ownership is

Britton, director of the National Institute of Economie and Social Research, a leading independent forecasting organization, says that

The upbeat tone of European

analysts contrasts strongly with

that of their counterparts in the

United States, where there are

In Britain, for example, Andrew

widespread fears of recession.

consumer spending next year is unlikely to be down by more than about a quarter of 1 percent compared with earlier estimates.

There has been no major scare among small investors to West

See GROWTH, Page 19

Most Americans Oblivious to the Dollar's Travails

By John Mechan onal Herald Tribune NEW YORK — A curious no-

oon has arisen to the minds of Dow Jones industrial average, Americans to recent weeks. It can be summed up simply: As the Dow goes, so goes the nation. Unfortunately, to the opinion of

many observers bere and abroad, the dollar's momentous descent on world currency markets has failed to elicit a similar response. Economists lecture to the U.S.

news media that the periodic turmoil that besets fareign exchange markets ultimately affects everyone. A growing number are warning that the most recent decline tn

"To many Americans, if Wall

"The average American is much
ever-new postwar lows could have

Street crashes, it's a crisis; if the more aware about the dollar than

tion of the dollar's strength of weakness, or for that matter the inner workings of foreign-exchange markets, remains alien. New York tabloid newspapers

strained credulity after the stock market crash with such banner beadlines as "Panic" and "Black Monday." The daily chronicle of the dollar's fortunes, however, has been dutifully tucked away in the

Economic Cooperation and Devel- sue clearly had a big impact." But to most Americans the no- opment and now a policy specialist Yet, the concern about the dollar Economics in Washington.
It is not that Americans do not

care about the dollar or are imschooled in the finer points of international economics. The nation's worsening trade deficit and subsequent unemployment in the export industries that resulted from the strong dallar of the early 1980s have taught the public and politi-cians alike the importance of ex-

change rates. "The average American is much

far-reaching economic conse- dollar tumbles, that's too bad," he was five years ago," said Susan quences that could rival those pro- said Stephen Marris, former senior Collins, professor of economics at duced by the Oct. 19 plunge in the economist at the Organization for Harvard University, "The trade is-

> und foreign exc pe markets in no way resembles the deep anxiety felt about currency rates in Europe and Despite the free-market philoso-

> phy so prevalent to the United States, economists still describe the United States as a "closed" economy; its dependency on imports and exports is small. Although the vol-ume of U.S. trade has tripled over the past 20 years, the value of imports still amounts to only about 10 See DOLLAR, Page 2

Report Says **Mitterrand Knew of Sale** By James M. Markham

New York Times Service

PARIS — A secret military re-port published Wednesday by a Paris newspaper said that President François Mitterrand was informed in 1984 that a French arms firm was illegally exporting artiflery shells to Iran but that the shipments continued for an additional two years.

The publication of the report in Le Figaro, a conservative daily, was another twist in a scandal some French commentators and politicians are likening to the Iran-contra affair that weakened President Ronald Reagan earlier this year. The French scandal has animated a presidential election campaign that has already been strewn with accusations of corruption and malfea-

Alain Juppe, a spokesman for Prime Minister Jacques Chirac, said Wednesday that the scandal was "an affair of state," and, in the course of a National Assembly debate, Defense Minister André Girand called the evidence raised by

the report "very grave." But in private, various Socialists jsaid the right was seeking to inflate a banal arms deal into a major

The main victims of latest revelations are Mr. Mitterrand's Socialist Party and Charles Hernu, the former Socialist defense minister, who resigned in 1985 after it was disclosed that French agents had sunk

the Greenpeace flagship Rainbow Warrior in Auckland harbor. The report on the activities of the French arms concern Luchaire was prepared by Jean-François Barba, inspector-general of the armed forces, after the right came to power to legislative elections in March

1986. He portrays Daniel Dewayrin, the Harvard-educated chairman of Luchaire, as so desperate to increase the company's exports that he illegally circumvented an embargo on arms sales to Iran imposed in 1980. After talking with several people involved in the affair, Mr. Barba

concluded that Luchaire's sale of some 500,000 artillery rounds to Iran from 1983 to 1986 was "cov-

See FRANCE, Page 2

Can Noboru Takeshita Be Harry Truman?

TOKYO - Noboru Takeshita's ties, are offering him np as a potential Harry Truman of Japan. Like Truman, Mr. Takeshita will

Like Truman, he follows one of his

single two-year term.

Concerned bureaucrats have made

nalists io an unusual campaign to talk up Mr. Takeshita's virtues and to persuade them that he will work out fine. They argue that the new Japanese leader, again like Truman, may prove to be a man of surprising leadership skills and effectiveness.

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14 Oct.

On his own, Mr. Takeshita has begun trying to reshape his reputation. On Saturday, he became president of the Liberal Democratic Party, an essential first step before assuming the country's highest office, and he im-mediately filled leadership posts. Most new party presidents wait a few days. But he apparently wanted to show decisiveness, not a trait for which he is noted.

As his friends see it, Mr. Takeshita may be able to succeed where Mr. Nakasone often failed. His strengths,

they say, are talents that foreigners funds. His contacts extend even to nften view as weaknesses. Mr. Takeshita is a careful, slow-

moving builder of political consen-sus. His views on issues are not strangly held. In fact, his opinions are whatever those of the party happen to be at a given moment.

But be knows how to get things done in the Japanese political context Mr. Nakasone, for all his vi-brance, offended many fellow politicians with a manner that smacked of self-importance. It often cost him their support. By contrast, Mr. Takeshita has a

quiet talent for getting opposing sides to strike a deal. He heads his party's largest faction, one that is likely to grow still bigger. He is a master at raising and dispensiog political

opposition parties, which do not wield great power but which sometimes can flex their muscles to a prime minister's discomfort. Mnreover, unlike many successful

poliucians, he seems to be well aware nf his shortcomings. "I don't think Takeshita is under any delusions about his limitations

nn certain kinds of policy," said Gerald L. Curtis, a Columbia University professor who is an expert nn Japanese politics. That could be a strength, Professor Curtis added, because "he is willing to accept good

In foreign policy, a Takeshita weak point, Mr. Nakasone is expected to See JAPAN, Page 2



Noboru Takeshita, Japan's new prime minister.

Status Game in Hollywood Office Decor: Pink Is Out, Marble In

By Aljean Harmetz New York Times Service

LOS ANGELES - Dawn Steel, the new president of Columbia Pictures, does not have David Puttnam's jnb, but she probably will use the former Columbia chairman's office. And when she moves onto the studio lot she undouhtedly will put Puttnam's Biedermeier buriwood sofa into mothballs and remodel his recently remodeled suite. in Hollywood, offices are more than offices. For

movie studio executives, the size, floor color and accessories of the place where one works are a map to status and money and a key to the subtleties of office politics. The largest office is not necessarily the best. "It's all about how close your office is to Frank Mancuso's office, if you work at Paramount, or Boh Daly's office, if you work at Warner Broth-

ers," said one vice president. "Can the chairman of the board drop by without climbing stairs?" Three regimes ago at 20th Century-Fox, Clare Townsend spurned an office among the major executives on the first floor of the headquarters building. A vice president of production, she preferred being among the writers, producers and directors on the third floor.

"It felt more creative and less corporate up there," said Ms. Townsend, "but it was a political mistake." She lost the ear of the head of production, Sherry Lansing, and rather quickly left the Status is demonstrated by a private bathroom and an antercom with two secretaries. Less obviously, it is apparent in one's telephone system. You get high marks if there are people on your buzzer who are both above and below you," said Laurence Mark, a former vice president of production at both Paramount and Fox who is now producing movies for Fox. "It's important to be able to buzz up, not just buzz down."

It's also important to get the studio to spend as much money as possible on your office, thus emphasizing your value. A new vice president gets his walls painted and a change of carpet. When Leonard Goldberg became president of Fox a year ago. the remodeling of his office cost more than \$100,000 and included a working fireplace of goldveined black marble.

Status symbols change. No top executive would be caught dead today with the thick white carpet favored by Louis B. Mayer when he ran MGM 40 years ago. Honey-colored hardwood floors are in. Mr. Goldberg has a herringbone design. The new floor in the office of Frank Mancuso, chairman of Paramount, is red oak.

Mr. Mancuso shocked Hollywood by spending more than two years to the office of Barry Diller, his predecessor, before remodeling. "I was less concerned about my office than about our films," he said. Once Paramount had fresh successes at the box office, Mr. Mancuso ripped out the carpet, brought in a polished granite desk, and crammed the drawers with hidden telephones and switches that turn on the gas fireplace and open the window "I spend more hours here than I do at my bome.

so I decided it should be comfortable," he said. Unlike many executives, Mr. Mancuso wants his

guesis to be comfortable, too. Instead of separating himself behind his desk, he holds meetings at a round table, where tea is served to Wedgewood cups. In contrast, Frank Yahlans, a previous head of Paramount Pictures, had a desk built on top of a platform in order to intimidate visitors. Joe Hooper, the interior decorator for Mr. Man-

cuso and Mr. Goldberg, has been decorating of-fices at Fox and MGM for 21 years. In addition to hleached wood floors, he lists today's in-fashion materials as marble, granite and natural fabrics.

"Ten years ago, everything was nylon," Mr. Hooper said. "Today it's chenille, wool, silk and leather. And the furniture is made out of exotic woods, including koa, Brazilian rosewood and burl elm." Pink -last year's color -is out, replaced by sea-foam green, aqua and cerulean blue. The cost of remodeling an office ranges from

\$20,000 to \$150,000, and any executive worth his stock options has an entertainment center that includes television monitors, a compact-disk player and half-inch and three-quarter-toch video cassette machines. And since sparseness is in style, the executives can make their buge toys disappear into the walls by remote control.

Michael Eisner, chairman of the Walt Disney Company, is one of the few major executives to have a computer in his office. His huge blond desk is an animation director's table that was made at the studio long ago. Although Mr. Eisner was known for a certain

messy style when he was second to command at

Paramount, chaos today is confined to the insides

of drawers in his dazzling white Disney office. "The only way to deal with insane ideas is to shove things in a drawer and not find them for a year or two," he says. In his recent brief tour of duty as Columbia chairman, David Puttnam put down an oak floor in his office. The chosen perquisite of Frank Price,

one of the intervening studio heads at Columbia. was a dining room of his own. Then Mr. Price moved to MCA as chairman of Universal Pictures, where there is little leeway in office decor, since Jules Stein, the founder of MCA, outfitted all the executive suites from his

storehouses of antique English furniture. The sardonic president of Paramount Pictures, Ned Tanen, survived 28 years at MCA. He received \$35,000 to redo his office when he moved to Paramount three years ago.

"But I'm the cheapest date in town," said Mr. Tanen, who never used the money.

Dole Urges Reagan To Step In as Talks On Deficit Meander

Compiled by Our Staff From Dispatches
WASHINGTON - Senator Bob Dole, the Republican leader, urged President Ronald Reagan on Wednesday to step into budget ne-gotiations, which participants say

But Mr. Reagan complained that the Democrats were being inflexi-hle in the talks and that his detractors were seeking excuses for their own past policies

Failure to reach an agreement hy the weekend on ways to cut the deficit in the 1988 fiscal year hudget could further unsettle the finan-cial markets, Mr. Dole said.

The Kansas senator, who is running for president, made his appeal to Mr. Reagan, a Republican, as Democrats expressed frustration with the budget talks, which in-volve White House officials and congressional leaders.
"I would hope we can have some

agreement before Friday," Mr. Dole told the Senate. He said that the president "might call the group together or call the leadership together and indicate to us, and we can indicate to him at the same time, a willingness to do what we need to do.'

The oegotiators have focused on a plan to reduce the deficit by \$30 hillioo through equal amounts of spending cuts and increased taxes.
While Democrats complained

that White House negotiators were inflexible on tax tocreases, Republicans charged Tuesday that Demo-crats were unyielding to their refusal to consider further euts in domestic spending.

Because of the inability to agree

on a basic strategy, every proposal being presented behind the closed doors was going up "in a cloud of smoke," said one disheartened negotiator, Representative Silvio O. Conte, Republican of Massachu-

At the same time, partisan fric-

tion was building with the ap-proach of automatic spending cuts under the Gramm-Rudman budget-balancing law. The deadline is only two weeks away, and each side has begun speculating that the other might be trying to scuttle the

Mr. Reagan, appearing with members of a newly appointed task force examining the workings of the stock market following the plunge in share prices two weeks ago, was asked by reporters about Democratic criticism of his negoti-

"They're looking for an excuse for having created all these deficits." he said.

The \$30 billion proposal was of-fered by two Democrats, Lawton Chiles of Florida, the Senate Budget Committee chairman, and his House counterpart, Representative William H. Gray 3d of Pennsylva-

The plan tovolves raising taxes and cutting spending by \$10 billion each this year and adding other deficit-reduction measures worth another \$10 billion. Those additional steps would include the sale of certain government assets and increasing tax-collection enforcement — measures that critics quickly denounced as easy but unreliable solutions.

Democrats accused the White House of turning aside all proposals for higher taxes. Shortly after the stock market plummeted on Oct. 19, Mr. Reagan had promised that everything but Social Security would be "on the table" in the

Later, Mr. Reagan had urged further cuts in the deficit but had repeated the public warnings of some economists that too many new taxes too soon would "chill the

DOLLAR: Americans Oblivious

(Continued from Page 1) percent of the nation's gross na-

The ratio to some European nations is about 50 percent, which best explains Europe's preoccupatioo with foreign exchange stability and the existence of the European

Moreover, the dollar remains the world's reserve currency. Because most commodities are priced in As France under the leadership dollars, there is little danger that the U.S. economy will have to suffer a "third oil shock." The phrase was coined to the 1982-84 period when European economies and Japan strained to keep up with surging dollar-denomioated energy costs despite declining prices on the world's oil markets.

Not surprisingly, exchange rate devalumovements, bowever slight, have critics. an almost immediate impact on European consumers. In the United States, the dollar's steep decline to value - about 50 percent against the Deutsche mark and the who fear Washington will always yen since 1985 - has still oot produced a level of price discomfort that it would have in a smaller

To be sure, the prices of Toyota cars and French perfume bas risen more than those of American products. But the alarm sounded most often by economists - that every 10-percent decline in the value of the dollar adds another percentage point to the inflation rate - has yet

In fact, the willingness of European and Japanese manufacturers to protect their market share at the expense of profit margins has only served to insulate the American consumer even more.

"When a Frenchman hears that the franc is being devalued, he knows right away his money is pean vacation costs more."

worth less; inflation is on its way," said Mr. Marris. "This just isn't the case in the United States."

These fundamentals probably best explain why the dollar has never emerged as burning issue on the U.S. political scene. In Europe, the value of a country's currency seems to be inextricably caught up to its

As France under the leadership of President François Mitterrand, a Socialist, sought yet another devalnation of the franc within the EMS in 1983, the battle cry of opposition groups was "Pauvre franc, pauvre France," And the debate at bome became so fractious that France quarreled publicly with West Ger-many until it had won a smaller devaluation to help still domestie

In the absence of a sudden dollar free-fall, such a dispute is unlikely in the United States, much to the stanching the mounting contacts dismay of foreign governments be slow to respond to currency issues as long as its constituency does not complain.

The litany of complaints from U.S. trading partners, analysts con-tend, had little do to with the Reagan administration's decision to reverse its laissez-faire currency policy to 1985. Instead, they credit effective lobbying by U.S. manufacturers for the sudden awareness in Washington that the value of the dollar was just too high.

"Even with the dollar depreciating as it has, if you ask Americans if they are less well off now than when the dollar was strong, the answer is no," said Stephen Leach, an analyst with Chemical Bank's foreign exchange advisory service.
"The only complaint is that a Euro-



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assigned by the Manila police to infiltrate local Commu-

nist organizations, inspected on Wednesday suspects held in connection with recent murders of policemen.

Iraqis Hit 4 Ships and Kharg Island; Iran-Contra Millions in Iran Rally Against U.S.

BAGHDAD — Iraqi warplanes immedi attacked four ships to nine hours strikes. Wednesday and struck at Iran's Kharg Island oil terminal and Baznan oil fields, according to high

command communiques.

The attacks oo ships were believed to be the highest reported by Iraq on a single day in the Gulf

One communique said the raids reinforced a statement by President Saddam Hussein of Iraq to army officers that Iran was doomed unless it accepted peace "without compromise and maneuvers."

Two of the ships were described as "very large" naval targets — Iraq's usual term for supertankers.

They were attacked off the Iranian coast, one at 5:30 P.M. and the cans and shatter their morale, other at 9:35 P.M., the Iraqi mili-

Bashdad also said warplanes raided Kharg Island and hit a ship docking there at 1 P.M. Warplanes also raided a ship in northern Gulf waters and attacked the Baznan oil fields to southwest Iran.

Iraq said its planes scored "accurate and effective hits," one bulle-

Gulf shipping sources could not marchers ebaoted, "Death to Draft Shows America."

Kharg Island has been hit more than 150 times since August 1985. Earlier Wednesday, millions of lranians shouting anti-American slogans took to the streets for rallies aimed at showing Washington an iron-fist policy in the Gulf.

The Iranian news agency, IRNA, said the demonstrators included hundreds of thousands of troops as well as government officials. In Tehran, they headed for a buge rally in Azadi Square.

In calling the demonstrations, Prime Minister Mir Hussein Moussavi said he hoped they would be large enough to panic the Ameri-In one demonstration, Tehran

Radio reported, two people were killed and 26 were injured in a bomb blast at the Kurdish town of Mahabad, 340 miles (540 kilometers) oorthwest of Tehran. The radio, monitored in Cyprus,

Addressing the rally to Azadi Square, Hashemi Rafsanjani, the speaker of the Majlis, the Iranian parliament, condemned the U.S. naval presence to the Gulf and Washington's policy of economic embargo and military pressure.

"By their adventurist stance to the Persian Gulf, America's ring-leaders have neither achieved security, nor earned a reputation for military formidability, nor frightened our revolutionary and great nation," Iranian radio quoted him Mr. Rafsanjani declared "a week

of preparation for confronting America in the Persian Gulf start-But Mr. Rafsanjani did not re-

peat Iranian threats of military action against the United States. ■ Minesweepers Enter Gulf

The U.S. Defense Department said Wednesday that three addi-tiooal navy minesweepers had "passed safely through the Strait of Hormuz and ioto the Persiao blamed "mercenary agents of Hormuz and toto the Persiao America" for the blast. The report Said the bomb went off as the ported from Washington.

Inflation is scourging the coun-

try, a new experience for Chinese

entials are widening, which elasbes

Mr. Zhao, from all appearances,

is aware of the risks he must take.

Although be benefits from the pres-

that his way is the only road into

with Communist orthodoxy.

ZHAO: China's Party Leader Suits Up for the New Job Qili and Yao Yilin. Although generally supportive of the policies laid out by Mr. Zhao, they are considious to the lower ranks, where local parameters and the control of the lower ranks.

He urged the wider use of stocks

direct role in government and in-

(Continued from Page 1)

of reasserting the primacy of strong central planning, strengthening the ered more cautious in their ap-proach. ty officials are content with their fiefs. But Mr. Zhao may be threatpower of local party bosses in government and eoterprises, and In outlining his agenda for the ened more by the hardships accom-coming years, Mr. Zhao has evi-panying continued changes in the with the West.

dently given ground to oo one. He economy. Toward summer, with the convodeclared that the reordering of the cation of the congress before them, Mr. Deng and Mr. Zhao gradually reasserted their authority. How they accomplished this is hidden by economy would continue and that market mechanisms would be in-creasingly used to balance supply than I percent a year. Wage differand demand and to set prices. the walls of secrecy behind which China's leaders work. But some and bonds to raise revenue for in-Chinese and Western diplomatie dustry, the commercialization of analysts say they believe that the housing and the growth of the prihard-liners presented no substanvate sector. tive alternatives to cootioning civil service would be introduced to prestige and competence will per-professionalize the government, mit him to exert influence behind

As the opening of the congress became imminent, Mr. Zhao, according to some Chinese, laid his cards before Mr. Deng and said essentially that be either got what be needed out of the congress to pursue his policies or there was no point in going on.

Although the exact terms of Mr. Zhao's demands remain unclear, he emerged from the congress surrounded by colleagues on the Central Committee who largely sup-

He also rid himself of major conservative opponents. Gone from the inner circle of the party are Chen Yun, 82, Peng Zhen, 85, and

Li Xiannian, 78.

(Continued from Page 1)

At the pinnacle of power, the Standing Committee of the Politburo joins Mr. Zhao with four other men — Li Peng, Qiao Shi, Hu

the groundwork laid in a speech by

The speech was seen as a com-

promise on several key historical topics, including the Stalin era. But several Soviet historians insisted

Wednesday that the speech was not

meant as the last word on the loter-

pretation of history.
"It gives us a very broad possibil-

ity for creative work and study," Mr. Smirnov said. Mr. Gorbachev, in his comments

Wednesday, referred to the histori-

cal section of his speech when be

said Moscow had "once and for all

overcome the attempts at trifling

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Mr. Gorbachev on Monday.

FRANCE: Report Cites Mitterrand

Mr. Zhao also said that io time a ence of Mr. Deng, whose enormous

that mandatory retirement for offi-cials would be enforced and that ingly be the leader who must per-

the party would be eased out of a suade the party, and the country.

the future.

fense Ministry officials, including Mr. Hernu's top aide, Jean-François Dubos.

The report said that Admiral Pierre Lacoste, at the time the bead of France's foreign intelligence service, told Mr. Dubos in Fehruary 1984 of Luchaire's suspicious exports, which were said to have to-volved false end-user certificates

with history when, at times, we be-

lieved what we wanted to believe

Other signs seemed to indicate

lished Wednesday carried a harsh

attack on Leonid I. Brezhnev,

whose 20-year rule until his death

in 1984 is increasingly blamed for the stagnation and failures of Sovi-

Although information about the

1968 invasion of Czechoslovakia

was tightly controlled in the Soviet Union, the invasion had a reverber-

ting effect. Moscow's reaction to

the Czechoslovak experiment with democracy caused disillusionment among Soviet intellectuals and

spurred the beginnings of the dissi-dent movement.

the opening of Soviet society and debate under Mr. Gorbachev to the

freedoms in Prague in the spring of

1968. But the comparison is ill-suited because to the Soviet Union,

unlike Prague, the party is in firm

control of the process of change.

Some analysts have compared

et internal and foreign policy.

rather than what was."

SOVIET: Russian Calls for Review

for Yugoslavia, Brazil, Thailand ered" by several high-ranking De- Turkey and Ecuador. Mr. Dubos is said to have responded, "Not seen, not caught."
On May 21, 1984, Admiral La-

coste raised the issue with President Mitterrand himself and was told to inform Defense Minister Hernu, according to the report. A spokeswoman for the president said Mr. Mitterrand would make no comment on the issue, which is the object of a judicial inquiry.

The inspector-general cites Mr. Dewayrin as saying that be gave "relatively unimportant sums" — \$410,000 to \$500,000 — to an associate of Mr. Hernu but that "no sum was given to the Socialist Party or to authorities of the ministry." In his own conclusion to the re-

the campaign for a review of tradi-tional Soviet approaches to history was continuing unabated. The issue of the weekly Moscow News pubport, Mr. Barba said he believed that the Defense Ministry officials turned a hlind eye to the illegal arms transactions largely out of "economic and social preoccupations" — that is, because of concern over Luchaire's survival and the state of France's flagging arms industry. But be added that this "did not exclude" the possibility that about \$500,000 may have been

given to the Socialist Party.

The Barba report reveals that in December 1985, Roland Dumas, the Socialist foreign minister, inter-vened with Le Canard Enchaîne, a satirical weekly, to prevent it from breaking a story on Luchaire's sales of 155-millimeter and 230-millimeter shells to Iran.

In a telephone interview, Mr. Dumas, who is the weekly's lawyer, said he had intervened because he feared that a revelation about arms sales to Iran might at that time have torpedoed negotiations he was conducting with Iranian officials for the liberation of French hostages held in Lebanon.

Panel Split,

ing paper, scheduled for release Nov. 13 with the committee's reed Press International. The ex-

publican senators on the commut-tees, leaves open the question of Mr. Reagan's role to the diversion of \$3.5 million in arms-sale proceeds to the Nicaraguan rebels, who are known as contras.

vidence has been found to indicate Mr. Reagan's awareness of the di-versions in 1986, it ootes that the panels were denied access to thou-

majority's refusal to accept Mr. Reagan's assertions that he knew nothing of the

the hopes of reaping a partisan pohtical advantage.

thousands of pages of secret bank documents to the special prosecutor in the Iran-contra affair, removing a final obstacle to the anticipated indictment of Lieutenant Colonel Oliver L. North and oth-

The documents, which have been the subject of nearly a year of liti-gation in the United States and witzerland, detail an elaborate plan to funnel money to Nicaraguan rebel groups.

The action on Tuesday by the Swiss Justice Ministry was seen as a victory for the special prosecutor, Lawrence E. Walsh.

spend the next month studying the ecords: indictments would follow io December or early next year.

posed report as "a weapon to the ongoing guerrilla warfare" against the administration "instead of an Extensive portions of the work-

ort, were made available to Unitcerpts reveal key findings of the

ort, which is expected to be signed While the majority draft says oo

erwise, it was learned Wednesday.

panels' draft report.
The panels' 1,400-page draft re-

by all 15 Democrats and three Re-

sands of pertinent documents that bad been destroyed by White House aides, according to the dis-However, the dissent by eight Republican members belittles the

"The conclusion that the president did not know about the diver-

WASHINGTON — The draft copy of the dissent by Republican members of the congressional committees to vestigating the Iran-con-tra affair concludes that President Ronald Reagan did oot know the profits from arms sales to Tehran were diverted to the Nicaraguan rebels and assails the mostly Democratic majority for suggesting oth-

The draft of the 300-page dissent denounces the committees pro-

sion." the dissent says, "is one of the strongest of all of the inferences one can make from the evidence before these committees."

■ Swiss Deliver Accounts

Earlier, The New York Times re-Switzerland bas turned over

According to legal sources, Mr. Walsh and his staff are expected to

UN Reports Afghan Conflict Worsens:

UNITED NATIONS, New York (UPI) — A UN report on Afghanic stan says the armed conflict there has intensified in recent months and that terrorism has intensified.

WORLD BRIEFS

that terrorism has intensified.

The report was prepared by Felix Ermacora of Austria, who has been allowed to visit Afghanistan for the first time since his appointment in 1984 as special UN rapporteur on buman rights in that nation. The report is being submitted to the UN General Assembly, which has scheduled its is being submitted to Afghanistan part week.

is being submitted to the UN General Assembly, which has scheduled annual debate on Afghanistan next week.

"A new feature of the conflict is the increase to the acts of terrousen against Afghans inside and outside Afghanistan," the report said Mighanistan on the presence of an estimated 115,000 Soviet troops that have been there since Moscow intervened at the request of the Kabul government in December 1979.

Spain Seeks End to U.S. Defense Pact

MADRID (Reuters) — Spain will formally tell the United States new week it plans to end a bilateral defense agreement whatever the outcome of fresh talks on cutting U.S. forces, the Foreign Ministry said Wednes-

Negotiations over Spanish demands for the removal of a strategic wing of U.S. fighter-bombers stationed outside Madrid have been stalled for months. The talks are to resume to Madrid on Thursday. Spain has repeatedly threatened to give six months notice on the 34 year-old defense pact, which expires in May, unless the United States agrees to a substantial cut in its military presence.

Paris Charges 5 Caught With Missiles.

PARIS (Reuters) — Five Irishmen arrested off the French coast aboard a ship carrying missiles, machine guns and other arms were formally charged Wednesday with trafficking weapons for terrorism. They were brought under guard by train from the Atlantic port of Brest and arraigned at the Palais de Justice by Judge Jean-Louis Bruguière, one of the top anti-terrorist investigators in France. They were identified as Adrian Hopkins, Dennis Boyle, Edward Friel, William Finn, and Henry Cairns. The police said that at least one of the names was assumed. The arms included 20 Soviet-made SAM-7 surface-to-air missiles and a heat-seeking weapon that has long been sought by the gnerrilla Irish Republican Army for use against British Army helicopters. They were discovered over the weekend on a Panamanian-registered cargo ship, the Eksund. Police sources said the ship had been loaded Oct. 14 by Libyan troops in Tripoli. Mr. Hopkins is the ship's captain.

Karpov Holds Advantage in 9th Game

SEVILLE, Spain (Reuters) — Anatoli Karpov, the challenger in the world chess championship, held a clearly advantageous position Wednesday when the ninth game was adjourned. Garri Kasparov, the champion, sealed his 43d move. The game is to resume Thursday.

White Karpov	Black Kasparov		IE 9 - D DEFENSI Black Kasparov	E White Karpov	Black Kaspiror
t. d4 2. c4 3. Nc3 4. cd 5. cd 6. bxc3 7. Bc4 2. Nc2 9. Bc3 10. 0-0 1t. f3 12. Bxf7+ 13. fxg4 14. Kxft 15. cd	N16 g6 d5 Nxd5 Nxd3 Bg7 c5 Nc6 0-0 Bg4 Na5 Rxf7 Rxf1+ cd Qb6	16. Kgl 17. Qd3 18. Rft 19. d5 20. d5 21. Bd4 22. dxe6 23. Bxg7 24. Nf4 25. Qc3+ 26. Nd5 27. Qd3 28. Nf6 29. Qc3 30. Qd3	Q66 Q784 Q467 Q464 Q465 Q466 Q466 Q466 Q466 Q466 Q466	31. Qc3 32. Qb3 33. Qd3 34. Qc4 35. Rd1 36. Rd7+ 37. Qc2 38. Kh2 39. g3 40. Ks2 41. Qc3+ 42. Rd2 43. Kh2	Qe5 Re7 Re7 Rxf6 b5 Kh6 Qe5+ Qe5+ Qe3 Qe4 SO(1+ Adjourned,

For the Record

The Reverend Jerry Falwell, leader of the fundamentalist Christian political group Moral Majority, has announced that he is giving up politics and returning full time to his church in Lynchburg, Virginia, and

his television ministry.

Ammesty International, the human rights monitoring group, urged Singapore on Wednesday to release six prisoners accused last spring of iovolvement io a Marxist plot to overthrow the government and accused it of mistreating them to extract confessions. There was no immediate comment from the government.

British labor unions would be barred from disciplining strikebreakers in a bill given preliminary approval Tuesday in the House of Commons. Termeasure, sponsored by the Conservative government, goes to common the Conservative government, goes to common the Conservative government.

for review and is virtually assured of passage on a final vote. A South Korean diplomat, Do Chac Sung, who was released by his idnappers in Beirut on Saturday, arrived in Scoul. He said he was constantly blindfolded during his 21 months of captivity.

TRAVEL UPDATE

Frequent Fliers Back Deregulation

WASHINGTON (AP) — More than half the frequent air traveless surveyed by an international airline passenger group to the United States say they consider airline deregulation a success.

The survey of 30,000 travelers worldwide was conducted by the

"Any attempt to suggest otherwise," it adds, "can only be seen as an effort to sow meritless doubts in

It showed that convenient, on-time flight schedules are the top priority of the frequent fliers. The comfort of the cabin seats were second, followed by "safety and security," according to the study, which was conducted in the spring. The survey showed American Airlines, Delta Air Lines and United Airlines as the most preferred air carriers in the United States. When international carriers were included, Swissair came in third, pushing United to fourth.

Calogero Mannino, the Italian transport minister, said Wednesday that be would permit resumption of flights by ATR-42 turbo-props, which were grounded after a crash Oct. 15 to the Italian Alps that killed 37

Installation of fire-resistant linings in airliner baggage and cargo holds was recommended to Washington on Wednesday by the Federal Aviation Administration, the U.S. government air safety agency. (Realers)

Correction

Due to editing errors in a Special Report on the Netherlands published Due to editing errors in a Special Report on the Netherlands published Monday, some comments were misattributed. In an article on the Groningen gasfield, a quotation indicating the extent of land subsidence to be expected should have been attributed to Wiel G.J. Hinjing, a government energy specialist. A comment dismissing claims that subsidence causes damage to homes was made by Frank Dunt, spokesman for NAM, the Netherlands oil company. In an article on The Hagne, a quotation characterizing dance companies to The Hagne and Amsterdam should have been attributed to Ad J.E. Havermans, burgomaster of The Hagne.

Nakasona legacy are the build conservus no matte

JAPAN: A New Prime Minister Looks for an Image

(Continued from Page 1)

have considerable influence, at least at the start. But the departing prime minister says that Japanese diplomacy now will be based on domestic re-

form," specifically on its ability to

implement oft-repeated promises to restructure its economy. On many of these matters, Mr. Takeshita, 63, is hardly a novice. One immediate problem is Japan's relations with the United States, at a low ebb now because of endless trade frictions and the sale of militarily sensitive Japanese technology to the Soviet Union.

In policy statements, Mr. Takeshita expounds on a "diplomacy of reliability." While the term is vague, it implies that he wants Japan to be more careful about making promises that it can keep.

ing more on domestic demand for growth. Basically, he would continue Nakasone policies. But Mr. Takeshita adds, in veiled criticism of his predecessor, that be will get things done.

As finance minister under Mr.

Nakasone for three years, he was a preacher of austerity. Now he is willing to pry open the treasury a hit in the oame of economic stimulation.

Presumably Mr. Takeshita will

Presumably, Mr. Takeshita will seek new taxes to help pay the bill. What he wants, specifically, is not clear, hut no one would be sur-

prised to see the revival of some form of sales tax. Mr. Nakasone

could not push one through.

increases in the Japanese military budget.

He is agreeable to calls for Japan

stratospheric land prices. Mr. Takashita must deal with this problem quickly, for it is a dominant issue in a country where home own. He is agreeable to calls for Japan issue in a country where home own to start exporting less and dependership is an evaporating dream for each property of the country where home own to start exporting the country where home own to start exporting the country where home own to start exporting the country where the country where home own to start exporting the country where the country where home own to start exporting the country where the country where home own to start exporting the country where the country where home own to start exporting the country where the country where home own to start exporting the country where how the country where he coun young couples. Property values are so high that in the Ginza business district a piece of land the size of

It is on that critical score that Harry Truman analogies break down.

"With Takeshita, the back doesn't stop there," a Western for lomat said. "It keeps going round and 'round. He'll keep trying to build consensus no matter what."

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Are Republican candidate Mr. Rizza say, but no Republican has the Haissippi governor's of-lar Reconstruction. mary and al electio

three states held off-year switched. con for governor this year.

Som for governor this year.

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binson Jr., the Republicar,
all a Louisana, was beater M. Tiern Kathy W opponent

CHOCKE, U.S. Represer vear term Reddy Roemer and Gover-ibia W. Edwards, in an elec-than much. Mr. Roemer w. C. In Mia was force menoday without a runoff after all his opponents, inthe sale his opponents, inthe sale his opponents, inthe sale howing smoke about the bowing smoke about the bound of the bound of the south of the bound of with form la San Fr man Art / field try Dianae forced int Saperviso

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define for a second term.

Applican opponent for Frank I Rizzo, who A 1739 of 1,739 precincts re-

L Conflict Works (UPI)—A UN report on Allers intensified in recent months

Ermacora of Austria, who has be first time since his appoints that rights in that nation. The d Assembly, which has sche

the increase in the acts of tenore Afghanistan," the report said a Afghanistan on the presence of these there increase of ant have been there since he any Sonctament in December in

) U.S. Defense Pa a sommally tell the United States to asse agreement whatever the only in the Foreign Ministry and West

ids for the removal of a strategy to Madrid on Thursday. to give six months notice on the es in May, unless the United s litary presence.

night With Missile inner arrested off the French machine guns and other aut o trafficking weapons for tention by train from the Atlantic purel

se by Judge Jean-Louis Bruguing cre by Judge Jean-Louis Bruguing cre in France. They were identify sward Friel, William Finn, and sward Friel, William Finn, and st one of the names was assured de SAM-7 surface-to-air missles ig been sought by the grentle British Army helicopters. The Panamanian-registered cargo simplified been loaded Oct. 14 by like the ship's captain.

vantage in 9th Gam Anatoli Karpov, the challenger

clearly advantageous position we curned. Garri Kasparov, the class to resume Thursday.

AD DEFENSE Black Karpov Organia (1994) 36. Rd7+ 57. Qc2 38. Kh2

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Reagan Reassures Europe Conservatives

By Joseph Fitchert International Herald Tribune PARIS - President Ronald Reugan offered pledges on ments publicly support.

Wednesday that were designed to

The Reagan administration, U.S. Europeans that the medium-range missile treaty with the Soviet Union will increase momentum toward climinating all nuclear weap-

ons in Western Europe.

5 Mr. Reagan said the United States would oppose further nuclear disarmament in Europe until the Soviet Union cut its chemical weapons and conventional forces.

He also welcomed moves by European governments to improve military cooperation among themselves, praising the seven-nation Western European Union for its recent declaration saying that mi-clear deterrence remained important for European security.

The unusual format of the presidential message - a speech recorded in Washington and broadcast disarmament, according to Geronly in Europe by Worldnet, a satellite system operated by the Unitinged States Information Agency

appeared to reflect the Reagan admut Kohl's Christian Democratic
mut Kohl's Christian D ministration's concern over fears Party have opposed further nuclear diplomatic sources.

valuable asset for Senate ratifica- 500 to 5,000 kilometers (300 to tion of an intermediate nuclear 3,000 miles) - covered by the INF forces treaty. Enropean defense ministers have agreed to back the treaty during Senate hearings, according to reports from Monterey, California, where a meeting of NA-TO's Nuclear Planning Group was

The ratification process is also expected to produce reassurances about U.S. determination to defend Europe, according to American diplomats in West Germany, which was the base for the Pershing-2 and many of the cruise missiles to be eliminated.

man surveys, and the coalition gov-

expressed privately by some European officials about the implications of a treaty that their govern
reductions under a proposal sometimes called "triple zero." The proposal would eliminate battlefield arm that will remain with NATO in the proposal would eliminate battlefield arm that will remain with NATO in the proposal would eliminate battlefield. nuclear weapons like the Lance West Germany after an intermediallay disquiet among conservative officials said, sees European supmissile after the "double zero" plan ate nuclear forces treaty goes into port for the missile accord as a siles - those with with ranges of 130 kilometers.

> U.S. policy had been unclear al force about any linkage between battle- drag on. field nuclear weapons and the strength of Soviet armor and troops in Europe. In his speech, Mr. Reagan said, "We have agreed with our allies that the existing imbalances in conventional forces and chemical weapons must be redressed prior to any further nuclear reductions in Europe.

West German public opinion already started formulating an apoverwhelmingly supports nuclear proach to cutting battlefield nuclear weapons that would divided them into two categories, those with ranges of 150 to 500 kilometers and those below 150 kilome-

Mr. Reagan's remarks appeared to tie progress on battlefield nuclear weapons to talks on conventional force cuts, which are expected to

The U.S. defense secretary, Caspar W. Weinberger, said at the NATO meeting that the alliance would maintain its intermediaterange forces until the the INF treawas ratified. Belgium and the Netherlands reportedly want the United States to stop deploying cruise missiles immediately.

A high-level group in the North
Atlantic Treaty Organization has NATO Aides Back Treaty The NATO defense ministers. winding up a two-day meeting gave strong support on Wednesday for a prospective superpower agreement banning medium-range nuclear missiles, and they called for quick ratification by the Senate, Reuters reported from Monterey.

Post-Weinberger: Hard-Liners Lose a Voice

-By David K. Shipler

New York Times Service nation of Caspar W. Weinberger as societary of defense, which is ex-pected to be aumounced later this week, seems likely to change the chemistry of policy making during the final 14 months of President Ronald Reagan's term, according

to administration officials. As part of a series of changes, first divulged Monday night, Mr. Weinberger, ostensibly for person-al reasons, is due to leave office. He sexpected to be replaced by Frank C. Carlucci, now Mr. Reagan's national security adviser. In turn, Mr. Carlucci will be suc-

curity Conneil staff by Lientenant Mr. Carlucci's deputy, administration officials said

Although Mr. Carlucci has staked out some hard-line positions od, both in Soviet-American relaofficial said,
on arms control and other issues, tions and in the Pentagon's budget Some note he lacks the long, close friendship Mr. Weinberger has with the president, raising a question of how effective he will be in promoting the tougher views. He also seems not to

nouncement about the Pentagon WASHINGTON — The resigpost was being delayed until Mr.
ation of Caspar W. Weinberger as Weinberger could return to Wash-

ington from California, where he **NEWS ANALYSIS**

was attending a meeting of the North Atlantic Treaty Organization's nuclear planning group.

There are "no policy reasons" for Mr. Weinberger's resignation, a former official said. "It wouldn't be in his character to quit for policy reasons," the official said. "He'd stay and fight."

In turn, Mr. Carlucci will be succeeded as head of the National Security Conneil staff by Lieutenant Considered resigning for some time and has been moved to do so now licy, how wife, Jane, who has cancer.

The shifts come at a pivotal perivatism toward centrist moderation, constituency in the Pentagon.

The officials said a formal an- especially in the field of arms con-

The change also brings to an end the most overt rivalry in the administration - that between Mr. Weinberger and Secretary of State George P. Shultz, who have often been at odds over arms control and the use of military force.

But there is disagreement among senior administration officials over how different the resulting policies are likely to be after Mr. Carlucci moves to the Defense Department.

"Carlucci is tough," a senior official said. "He's not a patsy. He was pretty firm in Moscow the week before last," when he accompanied Mr. Shultz to talks with Soviet How this will translate into po-

licy, however, is a question. "When by the deteriorating health of his the chips were down, and Weinberger really wanted something, you had the feeling he could get it," the Some noted that Mr. Carlucci.

squeeze. When seen against the who served as Mr. Weinberger's background of other departures deputy at the Defense Department, and new appointments in recent sounds much like Mr. Weinberger years, they seem to further a pro- on certain arms control issues, and cess that has moved the administra- they said they expected him to reshare Mr. Weinberger's deep suspi- tion away from ideological conser- flect many of the views of his new

In talking about the president's proposed space-based missile-de-fense system, the Strategic Defense Initiative, for example, Mr. Shultz has described it as a research program, saying the administration had not yet decided whether it was feasible and could be deployed. By contrast, Mr. Carlucci, like Mr. Weinberger, has said that deploy-

ment will go ahead. Similarly, Mr. Carlucci reported got into an argument during a minar several months ago with Paul H. Nitze, a special adviser on arms control to the president and the secretary of state, over the idea of negotiating with the Russians on

Moscow has proposed, and Mr Nitze has endorsed, negotiating : list of components whose testing in space would be considered prohibited by the anti-ballistic missile agreement of 1979. Mr. Carlucci vehemently opposed any such bargaining, supporting the president's position that the treaty did not en-

vision any such ban.

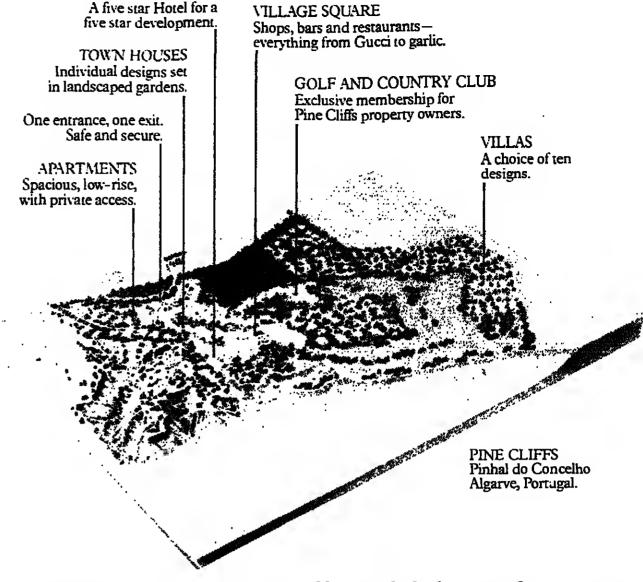
Mr. Carlucci and Mr. Shultz have also had their differences, most notably last summer, when Mr. Shultz wanted to embrace the Central American peace plan signed in Guatemala, Mr. Carlucci opposed this and blocked the sending of Philip C. Habib, the special envoy for Central America, to the region. Mr. Habib resigned in bit-

The most immediate task facing Mr. Carlucci at the Pentagon will be to plan for the deep cuts in military spending that now seem unavoidable.

Get a taste of Mom's

pumpkin pie.

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A VIVANIENTE DE LA COMPANIENTE DE LA COMPANIENTE

Democrats Win 2 Governors' Races, to has announced that he is gon Cooling Republican Hopes in South to his church in Lynchburg Vopens Cooling Republican Hopes in South

Lease six prisoners accused las at TOUISVILLE Kentucky—Retio overthrow the government and publican hopes of expanding their
confessions. There was no me beachhead in Southern and border
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states were set back Tuesday as a triumphant recovery from severe
the confessions of the confessions of the confession of the conf barred from disciplining suitches Democrats won governors' races in

al Tuesday in the House of Command Seatucky and Mississippi.

oscrivative government, goes to make Wallace Wilkinson, a self-made ared of passage on a final volc "final nonzing and political novice, Do Chae Sung, who was releast, noticed to a landshide victory over his Do Chae Sung, who was releast inderfinanced Republican oppo-urday, arrived in Scoul. He said inderfinanced Republican oppo-ling 21 months of captivity. Harper, in one of the most lopsided races in Kentucky history. With 97 percent of the precincts

reporting, Mr. Wilkinson had a record 65 percent of the vote. In Mississippi, State Auditor Ray Mabus, a Democrat facing a

Back Deregulation Back Deregulation tougher challenge, appeared to have than half the frequent of have beaten Jack Reed, a Republicant businessman, by a smaller but still decisive margin. With almost gulation a success.

Description of the precincts reporting. Mr. Mahnisted 55

Octi Association, whose membras on-time flight schedules are the state's school system, was viewed as comfort of the cabin seals and the strongest Republican candidate arriy." according to the study in memory. But no Republican has survey showed American American in the Mississippi governor's of the most preferred at arrival five since Reconstruction Mr. Reed, the chairman of a the most preferred air carriers in fice since Reconstruction.

elections for governor this year.

Republicans, who picked up governor than transport minister, and were more in the control of the control o than transport minister, sale was publicans, who picked up gover-or of flights by ATR-1 pure per morships in four Southern states h Oct. 15 in the Italian Alexander states and borof party realignment away from the ngton on Wednesday of the Folds

But U.S. Representative Robert L. Livingston Jr., the Republican hopeful in Louisiana, was beaten by two Democrats, U.S. Represennative Buddy Roemer and Gover-nor Edwin W. Edwards, in an elec-Special Report of the Netherland from last month. Mr. Roemer won were misattributed in all loss disc governorship with a second won

Special Report on the Nemerland teron indicating the extent of the election after all his opponents, inbeen attributed ... Wiel 0.1 section after all his opponents, inst. A comment distributed by Frank Dull by have been blowing smoke about
company. In The Hastle and sparty realignment in the Sanda " company. In the Haster of sparty realignment in the South, said Chuck Dolan, executive district to Ad JE Haverning, burgons to of the Dolan, executive district to Ad JE Haverning. tor of the Democratic Governors Association: "They only win when Democrats beat themselves."

Looks for an Imageneralizations about governors races, however. They

Sermonthan and personalities. kashin finist for the manyoral race, Mayor W. Wilson issue in 2 and appropriate and personalities. But his Republican opponent, former Mayor Frank L. Rizzo, who was trailing narrowly in unofficial returns, refused to concede. He will await official certification of the with 1,733 of 1,739 precincts returns the with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be with 1,733 of 1,739 precincts results are the will be will be with 1,733 of 1,739 precincts results are the will be will be will be will be with 1,733 of 1,739 precincts results are the will be wil

With 1,733 of 1,739 precincts rewith 1,733 of 1,739 precincts rewith the porting, the unofficial tally gave
and the Mr. Goode 332,396, or 51 percent,

fourth most populous city.

Things went smoothly for Mr. Goode until May 13, 1985. In an attempt to oust members of the radical group Move from their heatiquarters in a row house, the city police dropped a firebomb on the roof. The resulting blaze killed 11 of the house's occupants, including five children, and destroyed 61 surrounding homes.

Mr. Goode, one of the most prominent black Democrats in the country, was widely criticized as having lost control of the situation as it was unfolding.

The flamboyant Mr. Rizzo was making his second attempt at a comeback after eight turbulent years as mayor in the 1970s.

In 1983, Mr. Goode defeated Mr. Rizzo in the Democratic primary and went on to win the general election. This year, after having switched parties, Mr. Rizzo won the Republican nomination.

In Baltimore on Tuesday, Kurt Schmoke, a Democrat, defeated Samuel Culotta, the Republican, in the city's mayoral race. In Boston, Mayor Ray Flynn was re-elected, defeating City Councilor Joseph M. Tierney. In Houston, Mayor Kathy Whitmire easily defeated six opponents and won a fourth twovear term.

In Miami, Mayor Xavier Snarez was forced into a runoff Nov. 10 with former Mayor Maurice Ferre. In San Francisco, state Assembly-man Art Agnos led an 11-candidate field trying to succeed Mayor Dianne Feinstein, but he was forced into a runoff Dec. & against Supervisor John Molinari.

plant capped a campaign that was closely watched by both supporters and opponents of nuclear power

around the country. Voters in Virginia approved state lottery, a proposal that had been rejected repeatedly over the last decade by the state legislature. Many voters said in opinion surveys that they believed the lottery

In New Jersey, voters rejected a \$185 million bond issue to build a Major League baseball stadium across from New York City. They approved \$198 million in bonds for prison construction and \$100 mil-lion in bonds for preserving histor-ic sites and building cultural cen-

In Pennsylvania, a \$100 million bond issue was approved to acquire farmland to protect it from devel-

Voters in Baltimore narrowly de-feated an amendment to the city charter that would have required the city to provide a residence for all its homeless.

beverage containers. National beverage wholesalers spent nearly \$2 million to defeat the measure.

have the state's 65 top judges appointed by the governor, rather than elected, as is now the case. Ohio labor unions were among the leaders of the drive to preserve the "sacred right" of citizens to vote for (WP, NYT)



You can just see her, testing the

great, too. Go ahead. Reach out and

crust with her fork, as if every pie

perfect. Tell her this one will be

she's ever made hasn't been

touch someone.®



choice in Paris. Scotland's first malt whisky.

malt whisky is also first

Herald Tribune.

Strains in the Kremlin

The advance word on Mikhail Gorbachev's anniversary speech had been that it would rip the veil off 70 years of Communist deception. Either friends or foes could have spread this word: friends to encourage his boldness, foes to build up false expectations. Bot in the event, the speech was relatively restrained. Some but not much candor was restored to the official reading of Soviet history, notwithstanding Mr. Gorbachev's pledges to leave "no blank pages." Less was said about Stalin's murders, and with less passion, than Nikita Khrushchev offered 30 years ago. "Selfish" conserva-tives and "impatient" liberals were paired as threats to reform. The speech was essentially a rationale for tactical caution.

It seems that Mr. Gorbachev is not in total command in the Kremlin. He acknowledges "a certain increase" in resistance, and glas-nost provides evidence of it. It is not surprising that ambitious plans for change should occasion argument. Mr. Gorbachev is promoting change on a scale that provokes widespread doubt and opposition in the party apparatus and the state bureaucracy. Soviet liberals who embrace him have a voice that can be heard outside Soviet borders, but do

not have matching political clout at home. His reach for mass support is hindered by the workers' lack of political habit and by the inability of reform to offer early visible im-

provement in their daily lives.

Exciting things are going on in Moscow.

Sobering as it is, however, it is necessary to keep in mind the framework of the debate. Was Stalin's terror and its sequel, the bu-reaucratic expansionist state, the inevitable and still mescapable result of the Lenin revolution, in which case Mr. Gorbachev is but a blip on the screen? Or is there in the revolutionary tradition a reformist potential, represented historically by Nikolai Bukharin, whom Stalin murdered in 1938?

Mr. Gorbachev introduced but at once dismissed Bukharin in his address on Monday, as though to authorize discussion - a step forward - but not to position himself as an heir to Bukharin or to assume the political burden of becoming his champion. That tells a good deal about the cramped context in which the current reform cam-paign is unfolding. Certainly it should put a brake on premature Western celebration of

- THE WASHINGTON POST.

Deng's Line Continues

The distinguishing mark of China's 13th party congress was its steadiness, the legacy of a decade under the skillful hand of Deng Xiaoping. "The Big 13," as the Beijing press called it, brought few real surprises.

The smoothness of the event underlined the continuing success of Mr. Deng's bloodless revolution from the top. Zhao Ziyang, acting party chief, took the title and vowed to continue Mr. Deng's pragmatic reforms. The old leader left the ruling Politburo with most of the aging conservatives in tow. Mr. Deng though, is far from being out of power. And for all the bright rhetoric and air of compro-

mise at the congress, hard times lie ahead. Contrast the orderliness of this ongoing transition with the purges, palace intrigue and sweeping arrests surrounding Mao Zedong's death in 1976. Mr. Deng set aside the dogma of class warfare and unending revolution, and vowed to "seek truth from the facts." He turned collectives back to family farming and so raised productivity and rural incomes. He curbed the military, opened China to foreign investment and joint enterprise, and steadily cultivated new leadership.

This careful work was joited early this year when students tried to push political reform further than party elders wanted. Hu Yaobang, who was expected to succeed Mr.

Deng, lost power in the turnoil. But Mr. Zhao, taking up the mantle, has steadfastly maintained the momentum of economic reform. And in one of the few surprises of the

Big 13, Mr. Hu kept his Politburo seat.

The road ahead looks rough. The economic reforms have spawned inflation, corruption and budget deficits. Lack of political reform impedes further progress. Mr. Zhao's pledge to minimize party interference in government, while less than Mr. Hu wanted, is enough to worry the bureaucracy. And price reforms are still to come.

Frictions are also developing with the out-side world. Along with welcome foreign investment comes unwelcome foreign concern about China's policies. Harsh treatment of Tibet is widely criticized. The sale of Silkworm missiles to Iran causes conflict with

Washington, In response, China bristles. For all the problems, the remarkable changes continue. The Middle Kingdom once so veiled in mystery held this party congress before television cameras. It featured men and women with tales of entrepreneurship that would have driven Chairman Mao wild. While other socialist countries now see China as a model, the Chinese seek to assure that this model survives Mr. Deng. -THE NEW YORK TIMES.

Impasse on the Deficit have to put up the money that it borrows. A

How far does the stock market have to fall, and for how long, to force the White House and Congress into a compromise on the budget? Last week's air of desperate urgency evaporated with remarkable speed once the market began to rise again. Tuesday's yo-yo ought to be sufficient evidence that the market is still dangerously off balance. The budget impasse in Washington is feeding the auxieties that the market is reflecting.

The basic difference between Congress and Rouald Reagan lies deeper than the stale quarrel over spending priorities. Most of the congressional negotiators, of both parties, difference. Mr. Reagan continues to believe that it really doesn't. He seems to believe that it affects public psychology, like a rainy weekend, but that the antidote is a little sunshine. The possibility that the deficit might have a direct arithmetical effect on stock prices remains foreign to him. How could that be, when stocks rose dramatically through five years of huge deficits?

The answer is that other circumstances favored the United States and its financial markets for the first four of those five years. But then, as it always does, luck ran out. When a government runs a deficit, lenders

country with a high savings rate, like Japan, can run hig deficits with plenty of savings left over for industrial development and expansion. A country with a low savings rate and Americans save notoriously little - can afford a big deficit temporarily, as long as foreigners are willing to lend it their savings. That is how the United States got along until early this year. But then the foreign investors began to think they were holding too many dollars, and last winter the voluntary flow of private foreign investment fell sharply. That made the dollar drop.

billions of dollars. But that sharpened the political differences between America and the other countries over economic policy. As long as the United States keeps running those big budget deficits, any solution mean either higher interest rates or higher inflation, and probably both. Both are bad for stock prices. The open quarrel with the Germans last month over interest rates seems to have been the trigger of the market's crash. That is why the United States has to get its deficit down. And that is why it has to be done both quickly and firmly.

—THE WASHINGTON POST.

Other Comment

A Wan Irresolution

The crucial story in America this week has nothing to do with summits and every-thing to do with the failure of American politicians to cast eyes beyond increasingly narrow domestic horizons. Last week a series of crashes unhinged

world stock markets and raised the specter of recession. Something had to be done. Mr. Reagan weakened on tax rises. Congressional leaders were summoned to high meet-ings. The news, at last, was that the crip-pling budget deficit would be brought under control. And this week? Wall Street has steadied a trifle. Panic is allegedly receding. And the budget deficit talks are getting nowhere, perambulating more and more fruitlessly down the primrose path from \$50 billion to \$23 billion to \$8 billion, with all manner of sacred cows — defense among them - suddenly declared. There is, at this point, oo sign that Congress and the administration understand how vital their

task is - for us and for them. There is, increasingly, a wan irresolution, drifting toward the date in November when the Gramm-Rudman formula will automatically make too small cuts, too late. Everyone on the outside peering in knows what has to

be done. But no one on the inside responds. That may merely be the way of modern American politics; institutionalized conflict abroad, institutionalized inertia at home. But it is also a temble way to run a superpower. - The Guardian (London).

Murdered in El Salvador

The killing of Herbert Anaya Sanabria, the head of El Salvador's nongovernmental Commission on Human Rights, offers jolting testimony to how fragile the hopes for peace and order are in that Central American country. The notion that Nicaragua alone must reform is a cruel lie. Mr. Anaya was the seventh official of the commission to die or disappear in the last seven years. His death offers rather compelling and ironic testimony of how much his criticisms reflected the truth about the persistence of death squads.

If the Arias peace plan is to have a chance at lowering the level of violence in Central America, it cannot be one-sided. Rightwing death squads may not trouble Washington as much as the Sandinists, but they are an insidious threat to peace. The demo cratization of El Salvador remains a goal only imperfectly addressed thus far.

- The Detroit Free Press.

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OPINION

The Imbalances Are Everybody's Business

W ASHINGTON — It was predictable: Once the stock market crashed, Congress and the White House would try to make a new deal on the white House would try to make a new dealou de-budget. In the 1980s, popular thinking about eco-nomics has degenerated into a theory of original sin. All evil flows from big budget deficits. Presto: The crisis would end if the sinners repented and reduced those immorral budget deficits.

Alas, the solution isn't so simple. We live in an era of global economics and local politics. Nervous stock markets reflect more than exasperation with Washington's perpetual budget paraly-sis. There is a more basic fear that the world

economy is slowly grinding to a halt.

Even with deep deficit cuts, the United States alone cannot dispel that fear. A vibrant world economy does not depend only on America. The question is whether the major economic powers
— America, Japan and West Germany — can overcome parochial political pressures to adopt policies that achieve solid global expansion.

Everyone knows the basic problem and the rough outlines of what ought to be done. The United States has been promoting growth in the rest of the world by running massive trade deficits, while other countries have been accumulating vast surpluses. This pattern could not continue indefinitely. West Germany, Japan and other countries should now grow faster, while the United States should now grow faster, while the United States should nother its trade and hydred deficirs.

should reduce its trade and budget deficits.

But these oceds collide with politics. Each country responds to its own prejudices, customs and vested interests. The U.S. budget stalemate has lasted five years. Although West German inflation is nonexistent, Germans cite inflation fears in resisting American pleas for higher growth. In Japan, protection for farmers impedes growth by keeping food prices too high and reducing consumers' purchasing power.

Blaming U.S. budget deficits for all the world's economic problems is simplistic. But, strangely, it is reassuring to both Americans and foreigners.

is reassuring to both Americans and foreigners.

Americans feel uneasy with concepts like economic interdependence. They want to be in control. Blaming the stock market crash on the budget deficits makes the crisis understandable and manageable. The necessary responses - raising taxes or cutting popular programs - may be unpleasant, but at least they are clear-cut.

For foreigners, focusing on the U.S. budget deficits absolves them from any responsibility for the world's economic troubles. Foreigners sneer at the recklessness of American spending and the resulting trade deficit. Much

of this criticism is disingentions. Europe's export surplus to the United States has prevented the Continent's stagnation from getting worse; its memployment has exceeded 10 percent since 1983, For Asian countries, selling into the American market has been a mainstay of the region's boom. In 1986 both Japan and South Korea sent 39 percent of their exports to the United States. More than being hypocritical, though, these explanations obscure the true causes of the image U.S. trade deficit and other nations' surpluses. time: the collision between sovereign

less competitive. The U.S. trade deficit inevitably less competitive. The U.S. trade deficit inevitably grew, while foreign surpluses mushroomed. Some economists say that budget deficits caused high U.S. interest rates and the dollar's appreciation. This, too, is mostly a myth. High "real" (inflation-adjusted) interest rates in the 1980s stemmed primarily from the Fed's anti-inflationary policies. The Fed tightened credit enough to break inflation. If budget deficits had further increased interest rates, consumers and businesses would have had trouble borrowing. They didn't. would have had trouble borrowing. They didn't.

annually between 1983 and 1986. Low inflation enabled the Fed to foster easy credit conditions. The flood of imports and lingering unemployment from the 1981-82 recession restrained wage and price pressures. For many borrowers, the tax deductibility of interest cut true borrowing costs.

In a sense, the basic problem of the world

By Robert J. Samuelson

Budget deficits do not automatically lead to trade deficits. If they did, most countries would run trade deficits — an impossibility — because most have budget deficits. What primarily caused the U.S. trade deficit was something else: the dollar's role as the world's chief international currency. This leads to unintended consequences.

In the early 1980s, for example, foreigners started to invest more dollars in U.S. bonds and stocks. The result was to foster lopsided world growth. By oot converting export earnings into local currencies, foreigners did oot boost local spending and the demand for imports. Nor did the dollar depre-ciate, making U.S. exports more competitive. In-deed, the clamor for dollars was so intense that the dollar appreciated more than 60 percent between 1980 and 1985. American products became even

At issue is one of the great conflicts of our states and stateless economic forces.

Indeed, they went on a borrowing binge. Busi-oess and household debt rose about 12 percent

economy in the 1980s has been that the U.S. economy has been too strong and other economies have been too weak. Part of the surge in American spending reflected the stimulus of budget deficits, but only part. And it was soft growth abroad that prompted foreigners to invest in dollars.
Who caused the world's great trade imbalances? Everybody. So everybody must help end

them. The United States cannot singlehandedly solve the world's economic problems.

Suppose it lowers its budget deficits. That might slow the U.S. economy and its ravenous appetite for imports. The trade deficit might drop. But in isolation, that would only hurt economies in Europe and Asia that have become dependent on rope and Asia that have become dependent on American markets. In turn, their recession might boomerang on the United States. The Third World debt crisis would worsen, because debtors could not earn dollars to service their loans.

Can America, then, ignore its budget and trade deficits? Sorry, that is not a choice, either. Inevitably, foreign investors have tired of absorbing rising amounts of dollar securities into their port-folios. Consider Japanese insurance companies, which have been heavy dollar investors. They pay policy holders in yen. They cannot prudently put all their investments in dollars. The dollar's high exchange rate could not last. It had to depreciate exchange rate could not last. It had to depreciate, as it did again during the past week. Ignoring the trade deficit would aggravate the depreciation, risking higher U.S. inflation and foreign recessions. U.S. imports would become more expensive,

other countries' exports less competitive.

The danger is a gridlocked global economy. The easiest escape from this impasse lies in faster growth abroad. Other countries would offset their loss of exports to the U.S. market, stimulate demand for American exports and ease pressure on the dollar. Will we get that faster growth?

It is easy to see an unhappy future of political paralysis and poor growth. Europe is content with its sluggish prosperity, placating its unemployed with generous welfare benefits. Japan's energies have focused on exports; the oced for "consenmakes change difficult. Most developing countries are politically unstable or overloaded with debt.

They cannot help the world economy.

Since the late 1960s, global growth has generally slowed. The great propellants of postwar expansion in Europe and Japan — rebuilding, catching up with U.S. technology and moving millions of small farmers into industrial jobs — are gone.

Of course, there's a more optimistic view. The

panic on the world's stock markets, it is said, is precisely the catalyst needed to frighten govern-ments into constructive change. Adversity makes people more conscious of choices and more willing to decide among lesser evils. Even now, there are some signs that a broad global accommodation could emerge. While Congress and the White House bargained last week over the U.S. budget, West Germany's president suggested that Europe might embark on a "sensible growth policy."

The world's stock markets have tentatively registered their opinion. Stocks have declined because investors have grown increasingly pessimistic about solutions to these problems. What is at issue is one of the great conflicts of our time; the collision between sovereign states and stateless economic forces. No one can say how this eco-nomic and political drama will end, but the theme is clear. Interdependence is more than a cliche.

The Washington Post.

America and Japan Should Sit Down and Make Up two financial superpowers, should sit down and work out the details of

By Kenichi Ohmae This is the second of two articles.

T OKYO — Paul Volcker, when be was Fed chairman, and Treasury Secretary James Baker ap-parently decided to use currency rates to adjust the U.S. trade imbalance. It is the United States, not Japan or Europe, that has messed up the world financial system, mainly through its bold experimental attitude toward manipulating currency exchange rates — from 260 yea per dollar to 137 yen in a year's time and its huge government deficits.

Instead of correcting the deficits, the United States has been asking West Germany and Japan to lower their interest rates, so that capital can continue to come to the United its own interest rate? Well, American officials say they cannot do so without hurting consumers and farmers. Thus, Japan has been financing onethird of the U.S. government deficit, mainly through the purchase of Treasury bills and bonds.

The decline of the dollar's value, however, has hurt the Japanese investor. This past year the top live Japanese insurance companies had to write off \$13 billion in U.S. goverament securities - which makes

the American banks' write-offs on Brazilian loans look rather modest. Japanese financial institutions were understandably nervous about bidding for U.S. Treasury bills in the summer. But at the request of the Finance Ministry, which worries about what Mr. Baker thinks, Japanese banks participated to keep the flow of capital ioto America smooth.

The U.S. government has been creating an impossible situation. We Japanese have essentially obeyed at each stage, because not doing so Washington has asked Japan and West Germany to lower their interest rates and keep the spread attractive for capital to flow into America while stimulating the Japanese and German domestic economies at all costs. So Tokyo has pumped \$6 biltion into public works. Inflation has

become a threat. Construction materials are in short supply; real estate is climbing sharply. The resultant recovery is a superficial one, helped by

Most Japanese companies have been hurt severely by lost export competitiveness through the high yen. Japanese wages do not go up, bence the real economy is not good. The world is in no condition to continue with superficial economic prosperity supported only by the money game. It was fear of having to

face up to economic reality that

caused the recent stock market crash. America should not ask Japan and West Germany to stimulate their economies simply to make its job at home easier. Japan and America have an unbelievably interlinked financial and trading relationship. We can no longer use one-sided nationalistic arguments to untangle ourselves. We are all in this together.

We can no longer fiddle with interest rates, money supplies or any other important financial parameter without considering the effect on others. What is needed is a détente in the economic realm, just as one is needed in the political realm. Japan and the United States, the

such a financial détente, of how we can get out of the current mess. They should discuss the benefits of forming a common market, the

merits of America issuing some secu-rities pegged to the yen (to signal its seriousness about currency stabilization), and how Japan's hyperinflated land prices - the root cause of the super-liquidity being exported from Japan — can be brought down with-out sending another shock wave through world financial markets. We need to work out long-term

solutions in the interest of both countries and the rest of the world. will be a new one: The United States needs to depart from its traditional style of hegemonic leadership. Japan should graduate from its time-hon-ored habit of excusing itself and play a real leadership role commensurate with its economic influence.

The writer is managing director of the Tokyo office of McKinsey & Co., a New York-based management consulting firm. He contributed this com-

the only possible vehicle for change, and they work inside it, not outside.

America's Farms Keep Getting Bigger and Fewer By Richard Critchfield

F ESSENDEN, North Dakota — Is something being lost? It is a question being asked in rural America after six years of hard times. Land values are half what they were in 1981. So many small towns are dying.

Farms get bigger and fewer. When you drive around the Midwest, abandoned farms are now a common sight. Often the buildings are bulldozed away. It is nothing like the Okies of John Steinbeck's covel
"The Grapes of Wrath," when the
Dust Bowl blew away their farms.
Nor like the blacks of the Deep South, who were replaced by mechanical cotton pickers. Still, one is

cans because farm programs now cost

taxpayers about \$27 billion a year in a country where just 3 percent of the people farm. Government subsidies keep many farmers going Dennis Walsh, a conservative banker in Fessenden, says, "I think if the govern-ment dropped price supports today, even the best farmers wouldn't be able to make it. It would just be an upheaval. The social impact of that kind of upheaval would just be terrible." Price supports will stay because

farming is still America's biggest busi-

No constituency yet exists either for redistributing land or for putting limits on its acquisition.

Depression poem, "The Farm:"
"Trees, why do you wait? / Gesticulate, with hopeless fluttering hands?"
"Sure, something's being lost," says
Charlie Eldredge, a former farmer
who edits a weekly newspaper in Fessenden. "You know, people are being
lost. The culture is disappearing. The
number of us diminishes, diminishes,
diminishes. Becoke are leaving the diminishes. People are leaving the farms whether to by chiement — that's the most common way — or by death or going belly up or bankrupt, the homesteads are being buildozed down and plowed up. And there's a family that used to live there, that used to come to town to buy its groceries, buy its clothes, buy its fuel, it isn't bere

reminded of Archibald MacLeish's

any more. There is no family."

Not everybody agrees. "So what if farms are getting fewer and the old farm communities die or get turned into bedroon towns?" asks Michael Bahde, Methodist minister in Viola. Iowa. "Is something so terribly valuable to American culture being lost? No. No. I don't think anything is be-ing lost. I think anxiety is caused by people not understanding this. They want the picture to stay as it was in 1960. Or 1940. That's never possible." The question matters to all Ameriof the steel, automobile and transport industries combined. In good years, farm exports are double imports. Farm labor productivity has increased tenfold in the last 50 years, allowing tens of millions of Americans to do tomething besides grow food. Agricul-ture, even in high-tech America, is still the basis of everything else.

Of its culture, too, some would say. America's family ties, moral code and work ethic west formed by a rand society — more than 90 percent of Americans farmed in 1800. Religion is the core of any culture — in mainly rural, Lutheran North Dakota, 77 percent of the state's 679,000 people are supposed to go to church on Sun-day. North Dakota is so crime-free that a broken car window is oews.

A collapse in inflated land values,

just as prices and exports fell, and surpluses and interest rates rose, brought on the 1980s' crisis. But the number of American farms has been falling since peaking at 6.8 million in 1935. There are 2.2 million now, declining at about 100,000 a year. And as modern technology took the sweat and dradgery out of farming, per-hour productivity grew. So did investment in ever bigger machines, and concen-tration of land ownership.

Does this mean that the bigger farms get, the better? No. During 124 interviews in rural lowa and North Dakota this summer, practically everyone agreed that a medium-sized farm - about 1,200 acres (48 hectares) in wheat-growing North Dakota, about 600 acres in com- and soybean-growing lowa — is usually more efficient than either a too small

The idea that faceless corporations are taking over U.S. farming is a myth. What happens is that big farm-ily farms swallow up little family farms. Tied to technology, this could be reaching its limits.

or a too large farm.

One good this about the farm crisis is that the kind of economic Darwinism, red in tooth and claw, that was so common in the 1970s is over. Bigger farmers are no longer buying everything in sight; many have gone broke. Consolidation seems bound to go on, if more slowly.
Congressional efforts to protect the
smaller farmer through changes in
the tax system have not worked.

A radical solution would be to impose a land ceiling and redistribute and from large to small. But suggest that to a Midwestern farmer and he to the tiller!" may topple governments in Asia, but not in America, not even when absentee landlordism runs 60-70 percent. No constituency yet exists either for redistributing land or for

putting limits on its acquisition.

Big farms and big machinery make it tough for a young man to enter farming. Eighty years ago all he oeed-ed was a team of horses, a few tools and \$200 or so. He went up the farmand \$200 or so. He went up the farming ladder — laborer to renter to part owner to full owner. To get into farming now takes at least \$100,000 even if the land is rented, the money borrowed and machinery bought second-hand. The young farmer is going to have to borrow rent or set a part. have to borrow, rent or get a parttime off-farm job to survive.

Dog Musha, an ex-marine Vietnam veteran who farms 2,000 rented acres

asks a joking John Bollingberg, a neigh-boring farmer. "Grandfather is living in Arizona collecting 10 percent on \$300,000" of bank certificates of deposit. "The son who bought the land at this inflated price can't make his pay-ments to the Federal Land Bank. The grandson is now 25. He's waiting for Father to go broke so he can buy his land for the same price Grandfather paid way back when, \$50 an acre."

The writer, author of books on Third World communicies and recently of "Those Days," a North Dakota mem-oir, contributed this comment to the International Herald Tribune.

near Fessenden, says, "This farm crisis is going to be with us for many years. There's no way my generation can keep on farming like my father's did. You know, be able to buy land and machinery and pay for it." "Do you know where we are now?"

complacent and obstruct reform.

100, 75 AND 50 YEARS AGO

1887: A Step to the West PARIS - [A Herald editorial says:]

If the report that the United States has acquired a coaling station on the Sandwich Islands be true, it is a step in the right direction. Such is the geographical situation of Honolulu that it must always be a half-dray station for all steamers, going or com-ing between San Francisco and the Asian and Oceanican ports. The acquisition must have another signifi-cance. It will show that the Great Republic iotends to make a supreme effort to regain her lost supremacy upon the sea. We sincerely hope that Pearl River harbor, Hawaii, has been acquired by the United States.

1912: Turkey Rebuffed

PARIS — Turkey, apparently recognizing the defeat of her armies as complete, has requested France to arrange an armistice, but this request has been promptly refused as unacceptable to the Balkan States, which

would be unwilling to allow Tarkey respite in which to reorganize her shattered forces. The conviction pro-vails in Athens that the allies will not stay their hand until they have driven the Turks from E-rose, and that they will dictate their own terms of peace in Constantinople.

1937: Manila Beckons

WASHINGTON - President Manucl Quezon's assurance of Pinlippine cooperation in any move by American or other foreign firms to transfer their Far Eastern headquar ters from Shanghai to Manila was enthusiastically received here today. [Nov. 4]. With the losses of foreign traders in Shanghai already totaling more than \$100 million as the result. of the Sino-Japanese war, business interests believed that shifting their trading centers to Manila might offer a temporary solution to the trade problem in the Far East, in the event that Japan continues its military activities in Shanghai.

Gorbachev. Has Reason To Worry

By William Pfaff

P ARIS—It is oot wholly fanciful to think of Mikhail Gorbachev as the Kerensky of a new Russian revolution. If, of course, there were to be a new Russian revolution. It is

by oo means impossible.
His speech on Monday at the observance in Moscow of the 70th anniversary of the October Revolution was that of a reformer caught bewas that of a resonant caught between the intransigents of reactionand the new men who want change
and want it quickly — men like Bons
Yeltsin, Moscow Communist Party
chief, who had to be rebuked for
challenging Mr. Gorbachev's leadership and demanding faster change.
Mr. Gorbachev ties to appease
that either which is impossible Base

both sides, which is impossible. Here around those who resist the changes he wants to make in Soviet society. Crane Brinton of Harvard, author of a classic prewar study, "The Anatomy of Revolution," wrote of the moderate's plight that "after each crisis the victors tend to split into a more conservative wing holding power and a more radicalized one in opposition." Thus the moderates' base of power steadily narrows and the number of those in opposition increases.

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ft is a post-revolutionary condi-tion, tending to end in radical seizure of dictatorial power, but it is also a pre-revolutionary phenomenon lead-ing up to the revolution itself.

mader Feedorovich Literally was a lawyer and political activist who played a leading role in the Provisional Government established in Petrograd (now Leningrad) after the military mutinies and political upheaval which caused the abdication of the czar in February 1917. This government proclaimed civil liberties and generous reforms, but also, fatefully, tried to go

on waging the world war.
Kerensky served first as war minis ter and then as prime minister, but as prime minister be was forced into steadily greater dependence on the Bolshevik left against conservative and counterrevolutionary forces. This ended in the Bolshevik coup d'état in October 1917, and in Kerensky's defeat and exile.

The Soviet Union today certainly is not in a condition like that of czarist Russia in 1917. It experiences no external hammering like what the Russian people underwent in World War I and in their humiliating defeat by Japan in 1904. Nonetheless the future of the Soviet system is far from solid. Mr. Gorbachev's urgency in demanding reform is fully justified.

The late Professor Brinton listed

the following, among others, as prerevolutionary conditions:

Inefficient and incompetent government, with major internal stresses.

An energetic, innovative, and productive part of society which feels itself thwarted, checked by the existing system, mable to fulfill itself and its plans, wranged by the system. A conviction among creative people

that important careers no longer open to talent. Thus a "descrition" the intellectuals" — an abandoned tment to the system on the par of its most creative members. Finally, there is a loss of confidence

among the rulers themselves, a growing doubt that they are able to cope with what is happening.
Soviet Russia has in recent years increasingly resembled the Russia of 1916-1917 in every one of those respects. On the other hand, there are fundamental differences. The living standards of the masses of Soviet people have steadily improved (although these will dip, if Mr. Gorbachev's economic reforms are put into practice). The international situation is improving. Elites still see the ruling party as

People are fearful of change. There is no popular sense of things ending, or anticipation of dramatic change. It is the ruling group in the Soviet Union which is driven by a sense of impending crisis. The usual pattern is reversed. It is the leadership which demands vast changes, and believes that without them the country's condition will ruinously deteriorate. Ordinary people, the bureaucracies of gov-ernment and industry, by and large are

Professor Brinton added, dryly, that even when a society's condition is stagnant or in decline, and elites begin to sense that something is going to break, they still "never seem to expect revolution for themselves, but only for their children." It always comes rudely, as a man at, after the reformers have failed — or when they have run out of time.

International Herald Tribune. O Los Angeles Times Syndicate. **OPINION**

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Jorbachev as Reason An Official Dose of Medium Personhood To Worry

By William Piali ARIS — It is not wholly factor think of Mikhail Gorbet the Kerensky of a new Rev be a new Russian revolution no means impossible.

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menging Mr. Corpacher's lead and demanding faster class which is impossible season to buy time in which to make the change and abose who resist the change are no wake in Soviet sectors. overthrow of the Kerensky government that had replaced the czar. Mr. Gorba-chev chose to mention Khrushchev favorably, making permissible the discussion of his regime in history books. ands to make in Soviet society (r ginton of Harvard, author of ada Do not be seduced into thinking that sewar study, The Anatomy of L Mr. Gorbachev has suddenly been sezzed by a desire to let his people learn the truth about their past. Communist history nevbottom." wrote of the modes ers tend to split into a more con er allows scholars to discover the way stive wing holding power at things really were; on the contrary, it

directs them to reshape the facts to ad-The authorized Gorbachev version of Soviet history has disappointed détenteniks, who thought he would strike a blow for credibility by endorsing Khrushchev's secret excentation of Stalin's bloody dic-atorship. Many are dismayed by his wor-shipful obeisances to Lenin, by his support of Stalin as the legitimate party heir against Trotsky deviationism, by his justification of the nonaggression pact with the Nazis, and by his halfhearted plug for Nikolai Bukharin, the economic pragmaist executed by Stalin.

WASHINGTON — An American lawyer in Moscow in 1965 asked his Intourist guide-guards the way to the

men's room, slipped out the back of a

restaurant and took a taxi to an address

he had been given by a Canadian news-man. The politically defunct lawyer was

seeking a rendezvous with a former So-

viet leader he had spoken with in a

That version, produced after 56 days in the wilderness, shows Mr. Gorbachev trymg to position himself between the extremes of entrenched party bureaucrats and change-minded reformers' who want heavier doses of perestroika and glasnost: Apparently in trouble, he has come back from the cutting edge; that may explain his recent diplomatic flourdering and crackdown on dissenters.

What else would cause him to reach back to single out for praise Feliks Dzerzhinsky, founder of the feared Cheka that became Stalin's secret police? It is not for nothing, as the Russians say, that Lubyanka Prison, headquarters of the KGB, on Dzerzhinsky Square.

Mr. Gorbachev is the protégé of the

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

By William Safire

KGB's Yuri Andropov, and his evocation of the fearsome Feliks in this latest revision of Soviet history is a cogent reminder to those who would seize power from him that the secret police, not the party bureaucracy, is the source of his control of the Politburo. Although he criticized some of Stalin's crimes, he pointedly omitted any criticism of Lavrenti Beria, the secret police chief killed soon after Stalin died. The heirs of Feliks Dzer-

zhinsky can do no wrong.
One sentence must have been painful for Mr. Gorbachev to read out: "The Stalin personality cult ... was alien in the nature of socialism." A week before, Boris Yeltsin, his handpicked Moscow party chief who kicked over the Grishin urn, denounced the general secretary for establishing his own personality cult.
Of course that charge is true, Americans accustomed to presidential buildups

think nothing of it, but Communists know that a personality cult is a Stalinstyle challenge to collective party-KGB- Red Army balance, That accusation is now in the Moscow air, despite its at-tempted suppression by Tass, and it weakens the leader who must denounce Stalin's cult while establishing his own.

The desperate backtracking evident in this week's speech suggests that the man who needs a summit meeting now, to reassert authority at home, is not President Reagan but Mr. Gorbachev. Not for nothing (that style is getting to me) did the Soviet leader speak assuredly of "the third and fourth Soviet-U.S. summits" the fourth being a Reagan visit in Mos-cow next summer, which some of us had

not yet put on our travel schedules. In his symbolic rejiggering of the fig-ures of the past, and in bestowing medi-um personhood on a predecessor who could not receive an American visitor, Mr. Gorbachev promises his power elite that the successor to Dzerzhinsky and Andropov will break few Stalinist icons. In his studied abuse of history, he tells the rest of the world that truth to a dedicated Communist is whatever story serves his present purpose.

The New York Times.



LETTERS TO THE EDITOR

The FAO Election: Saouma Has Been a Strong Leader

Interest in the UN Food and Agricul- Program are often approved within a ture Organization has intensified in recent months because the election of a director-general for a six-year term is coming on Nov. 9. There are two candidates: the incumbent, Edouard Saouma of Lebanon, and Moise Mensah of Benin, deputy director of the International Fund for Agricultural Development.

The FAO has accomplished much during Mr. Saouma's stewardship. Despite some recent criticisms, reported in some sectors of the Western press, he has proved a strong and effective leader who has upheld the organization's independence. He was characterized by The Economist in 1984 as "having little patience with the gentlemanly procrastination that some of his opposite numbers call interagency coordination."

The FAO was transformed from a pri-

marily technical organization into a development agency under the leadership of B.R. Sen of India, who was the first head of any major UN agency from a develop-ing country. An idealist and a visionary, Mr. Sen was especially sensitive to the needs of newly independent countries. Under Mr. Saouma, the change in the organization's status gathered momenturn. He shifted the emphasis from long-term theoretical studies to more practical programs within countries.

One example of this is the Technical Cooperation Program, established in 1976 to provide small-scale, short-term assistance. In contrast with the approval processes for projects of many development agencies, which usually take several months and sometimes more than a year. projects under the Technical Cooperation

month of the request from a government.
The main theme of Mr. Saouma's administration has been food security. A food-security assistance plan was established by the FAO in 1976 to encourage the development of food reserves. In 1982 the concept of food security was broadened, with the goal of ensuring that all people at all times have access in the basic foods that they oeed. A moral commitment to this goal was affirmed in the adoption of a world food security compact at the 1985 FAO conference.

Since the main problems with regard to food security have been in Africa, the FAO has focused on it during the 1980s. For more than a decade it has warned the world about the food situation in Africa. Its global information and early warning system first reported on the threat of a major African food crisis in early 1983, and it has been involved in both emergency and long-term assistance.

If the FAO is one of the most effective UN agencies, why has it been criticized? The reasons are many. Like those of most UN agencies, its information department has not been very effective in communicating to the Western media the full range of the agency's activities and the results of its programs. Also, food and agriculture emcompass so many issues and problems that very few people have a full picture of the FAO's extensive range of activities. In recent years, when United Nations-

bashing has been popular in certain quar-ters, negative and sometimes biased reports have appeared. Large organizations have been critically reviewed, whereas smaller ones — even though they may

have been less effective - have received more than their fair share of praise. Having advised nearly all the UN encies, we would rate the FAO as one

the best. It compares favorably with the large national agencies such as the U.S. Department of Agriculture or the Canadian Ministry of Agriculture. ti takes a strong leader in run a major organization such as the FAO, and any strong leader has supporters and detrac tors. Irrespective of who wins the FAO election, when the history of the organization under Mr. Saouma is written he will

undoubtedly be considered as one of the

most effective heads of any UN agency.

ASIT K. BISWAS. MARGARET BISWAS. Oxford, England,

Mr. and Mrs. Biswas are consultants on ironmental issues and rural development Mr. Biswas is president of the International Society for Ecological Modeling in Oxford.

Arms Control: A Beginning Edwin M. Yoder Jr. ("Fewer Missiles

Will Mean Fewer Options," Sept. 4) asks:
"Why enter an arms control treaty that lowers the nuclear threshold, weakens deterrence and invites adventurism without compensating adjustments in conven-tional and intercontinental weaponry? For show? For politics? For what? The answer: For the first step!

DANIEL R. GOULD,

It Might Clear the Air

A pasoline tax, according to the Washington Post editorial The Case

for a Gas Tax" (Oct. 30), "would put a useful restraint on the rate at which the United States is burning oil," and at the same time it "would also do wonders for the atmosphere in the stock market." Not to mention the atmosphere outside

> GABRIELE SCIMEMI, Deputy Director. Environment Directorate. OECD. Paris.

A Man's BMW Is His Castle The question of having a speed limit on the autobahn can certainly be debat-

ed. But for Ferdinand Protzman ("Are Germany's Speeders Driven by More Than Fuel?" Oct. 26) to call West Germany "an otherwise tightly regulated society" shows very little understanding of country. Having lived many years abroad in Europe, the United States and Canada, I consider West Germany one of the most liberal countries on Earth.

> HANS-OTTO HARBERTS. Hamburg.

If West Germany were really a "tightly regulated society," we Germans would long have had a speed limit.

E. STIEF.

Mr. Protzman's article on West Germany's wide-open autobahns made a few good points. Having lived in West Ger-many for the past 14 years. I have devel-oped a love-hate relationship with these strips of tarmac and their aggressive, selfstyled Rennfahrer, or race drivers. My rational self tells me that speed limits are necessary. On the other hand, my greatest fear is that when I finally reach the point

where I will be able to afford a Porsche or a Ferrari, they will pass a law setting speed limits the day I pick up the car. CHUCK MOUTOUX.

Two Killings in Indiana

The Washington Post editorial "Don't Execute Youngsters" (Oct. 1) seeks to make understandable the horror which many Europeans feel regarding the death sentence given to teen-ager Paula Cooper. As an Indiana resident at the time of the murder, I read the details of the crime in our local paper. They were indeed horrifying - as is the Cooper sentence, in part due to its arbitrariness.

A few years ago, an elderly man was stopped by a teen-age couple in South Bend, Indiana, and the young woman engaged him in a conversation. The young man struck the elderly man on the head with an iron bar, killing him. The youngsters took his car and were later found enjoying themselves at an amusement park. The young man was oot under the influence of drugs or alcohol. He was convicted of involuntary manslaughter and given a light sentence,

MARIE REIMERS.

Plain Lord Alfred Douglas

Both T.J. Roctenwald Jr. (Letters, Oct. // and William Safire hlew it. Lord Alfred Douglas had this title as younger son of the Marquess of Queensbury and should be referred to as Lord Alfred Douglas or, if abbreviation is needed, Lord Alfred. E.M. FURNESS.

Old Friends, Look Again

By Joe Murray

TUFKIN, Texas - I saw an old friend oo the other side of the street and waved. He looked right through me and then looked away. That's the trouble with old friends, especially if you edit the newspaper.

I spent the rest of the day trying to figure ont what I'd done to make him angry with me. Heaven knows, it could be any number of things:

Something that the paper has come out against and he is for, or vice versa.

Something involving the law that involved his kin. Blood is thicker than

MEANWHILE

most anything, excepting perhaps printer's ink. I've had to defame my own kin from time to time, putting in the paper

why they were put in jail.

Something that did not get in the paper at all — an anniversary, a graduation, a funeral notice, a pie supper, a birth announcement. The world seems equally divided between those people wanting to get their name in the paper and those wanting in keep it out. Seems that I'm always having in do the opposite of what they want

Like everybody else, I think I have it harder than anybody else. Probably it's much the same with other jobs.

If you're a policeman and a friend snubs you, you have in wonder if any of your recent arrests were of his family. If you're a teacher, you review in your

mind who yon've had to flunk lately.

If you're a shopkeeper, could be that
one of your clerks refused to cash his check or questioned his credit.

If you're a preacher ... well, it's a wonder you can even walk the streets. Preachers have almost equal opportunity for offending folks as editors. Editors are given the edge, however, in that ours is a daily pulpit.

But even over a period of years, an editor cannot possibly get around to writing something to aggravate everybody. To make up for that, we have a staff of other editors and reporters for wbom we are responsible.

But maybe I read too much into people reading the paper. I remember several years ago I waved at a fellow and he looked at me as if I didn't exist. I worried for days about that. Since he was a senior citizen, I figured it must have bad to do with a program for the aging that

the paper had perhaps slighted. A week later, my wife happened to mention she had seen him at the grocery store and they'd had a nice chat. "Did you know he was going to have surgery?" she asked. "He said he has cataracts so bad he can hardly see to get around."

That's the trouble with old friends. Cox News Service.

that unportant carees no have How international do you require a country to be?

Throughout its history, the Netherlands has always been very internationally oriented. This is evident from an entry made in a 17th-century ship's logbook: "Wherever you go, you find the Dutch," wrote the captain. This statement is just as valid today, as it was three centuries ago. For Dutch trade and industry still considers the whole world its area of operation.

However, since the 17th century the world has also been coming to the Netherlands. International influences not only reached our country through intensive overseas trade. But also through the arrival of many people of other countries who came to the

Netherlands seeking their fortune. The assimilation of these influences has given our country its pronounced international character. For many foreign enterprises, this international touch has been one of the major reasons for starting operations in the Netherlands. This aspect can also be extremely important for your company once you decide to "go international", with the aim of reaching the European market. After all, our international orientation can provide your company with a solid base. We have the experience, the know-how and the connections.

Moreover, our central location and highly developed infrastructure, with perfect connections throughout the European market, provide you with optimal transport possibilities. You can avail yourself of an extensive distribution system with advanced logistic methods, supported by the latest developments in telecommunications.

Another important advantage is the compact size of our country giving you quick access to all necessary facilities. Your company can save a lot of valuable time. And achieve high returns.

We'd also like to point out a few additional factors which could favourably influence your activities in the Netherlands. Such as our stable currency and strong private sector. Our vast financial and techno-

logical expertise. The availability of qualified personnel at all levels. And, last but not least, the incentives policy of the Dutch government.

The Netherlands Foreign Investment Agency plays an active role with regard to this policy. With advice and guidance. And by helping you during the decision-making phase with information tailored to your specific requirements.

To date, more than 3,500 foreign companies have successfully established operations in the Netherlands. Once again, proof of our strong international orientation.

And for you, perhaps an indication of what the Netherlands can mean to the entrepreneur. If you would like more detailed information about investing in the Netherlands, write us or call. Or contact our consultant in your own country. For, as the captain said: "Wherever you go, you find the Dutch."

In the Netherlands:

Netherlands Foreign Investment Agency, Office for Europe, P.O. Box 20101, 2500 EC The Hague, Mr. Hubert Tabbers, Phone: (31)(70)797029/797645. In the United Kingdom:

Peter Biddlecombe Associates, 6th Floor, 6, Vigo Street, London W1X 1AH, Phone: (1) 4375927.



OF ECONOMIC **AFFAIRS**

NETHERLANDS FOREIGN INVESTMENT AGENCY

The Netherlands. A great country for investment.

Pushing the Limits of Change

Glasnost Runs Into a Reluctant, and Still Powerful, Party

By Philip Taubman
New York Times Service
MOSCOW — Mikhail S. Gorba-

chev's stated vision of a more open and democratic Soviet Union has emerged from two tests in recent days somewhat battered by the realities of the Communist system.

The two tests — Mr. Gorba-chev's review of Soviet history on Monday and the earlier handling of Boris N. Yeltsin's threat to resign as bead of the Moscow party orga-nization — have demonstrated the limits of openness and served as a reminder of bow different Mr. Gorbachev's concept of democracy is from Western practices.

The clear message has been that the Communist Party retains the power to determine the boundaries of news coverage and public de-bate, as well as the shape of Soviet history, and intends to exercise it.

Mr. Gorbachev has been unwilling, or unable, to push the limits. The view among most Western diplomats is that, at least in the case of Soviet history, he pressed as far as he could but felt the party was not yet ready to accept a radical new

version of its past. Soviet officials said Mr. Gorbachev, along with other members of the leadership, did not think the Yeltsin affair should be publicized in the Soviet Union because it was

an internal party problem.

Mr. Gorbachev's effort to examine troubled pages in Soviet history, presented in a speech marking the 70th anniversary of the Bolshevik Revolution, opened the door on the past after a hiatus of 25 years, but seemed blunted by the party's continued reluctance to acknowl-

edge past problems.

He said Stalin was guilty of "enormous and unforgivable" crimes, and Mr. Gorbacbev restored official respectability to Nikita S. Khrushchev, the Soviet lead-

But Mr. Gorbachev did not disclose the full scale of Stalin's excesses and be balanced his criocism with praise for Stalin's contribudidn't you publish this? Nobody

NEWS ANALYSIS

short of giving Bukharin the full rehabilitation many had hoped for.
Similar caution, and the hand of

Mr. Yeltsin stunned the party leadership at a Central Committee
meeting on Oct. 21 by complaining
about the pace of change and by
questioning Mr. Gorbachev's leadSome Western historians estiership, according to Soviet officials. No information about Mr. Yeltsin's action has been reported as yet in the Soviet press.

The two issues coalesced Tues-day when one of Mr. Gorbachev's closest colleagues, Alexander N. Yakoviev, a full member of the Politburo, fielded questions that focused on the Yeltsin affair and So-viet history. When the news conference was broadcast Tuesday evening after the prime-time news, the exchanges on both subjects were deleted.

At the news conference, Mr. Yakovley said the Yeltsin affair was an internal party matter that did not belong in the public domain.

"If all internal party matters are discussed by one and all, then there will be no sense in having a party," Mr. Yakovley said. "This, I think,

Asked why Tass, the official press agency, had reported Satur-day about Mr. Yeltsin's resignation threat, but then advised Soviet newspapers not to print the report, ed by Mr. Gorbachev.

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er from 1953 to 1964, and Nikolai L. Mr. Yakoviev said: "Why do you Bukharin, an associate of Lenin use internal Tass statements? We who was executed by Stalin in don't use your internal state-

oon to development. He stopped seems to know why it wasn't pub-lished."

A Tass report about the Tuesday news conference included an ab-breviated account of Mr. Yakov-lev's remarks about Mr. Yeltsin. Mr. Yakovlev was asked whether

censorship, has guided the han-dling of Mr. Yeltsin's resignation ed the number of victims of Stalin's purges when Mr. Gorbachev said Monday that "many thousands of

> mate that millions perished. Mr. Yakovlev replied: "Why do you think if he said millions he would be speaking more of the truth than if you say thousands? This is your point of view. I know the rumors that persist in the West, but I think that many of these rumors lie on the conscience of certain people.

When asked whether there were any plans to publish Khrushchev's 1956 speech denouncing Stalin, which was delivered in secret to the Central Committee but never printed in the Soviet Union, Mr. Yakovlev said the question had not

yet been studied. Just how much the party's new version of history will govern the work of historians is unclear, and probably will not be apparent for a number of months.

But in a society where scholarship has long been guided by party views, it seems likely that historians will be cautious about pressing beyond the version of history present-

Sakharov Awaits 'Whole Truth' on Stalin

MOSCOW — Andrei D. Sakharov, the Nobel Peace laureate and dissident, said in a rare interview published Wednesday in the weekly Moscow News that "the whole terrible truth" about Stalin's rule remained to be told.

Mr. Sakharov hailed Nikita S. Khrushchev as an

"outstanding world leader" and appealed for an end to "half-truth and suppression" in the Soviet treatment of history. The interview, conducted three days before the speech this week by Mikhail S. Gorbachev that touched on the Stalin period,

Sakharov in the mainstream Soviet press.

"I regard this as another demonstration of glav-noss," Mr. Sakharov said afterward, referring to Mr. Gorbachev's policy of greater openness.

"In his speech, Gorbachev did not tell all the truth that should have been told about the 1930s and 1940s." he added. "Not everything satisfied me. I would bave expected, and I hoped for, more."

Mr. Sakharov said he was encouraged by the
announcement that a commission would investigate the extent of repression under Stalin

Poland Hails 'Soviet Springtime' **But East Germany Remains Cool**

By John Tagliabue

New York Times Service

WARSAW — Moscow's closest
East European allies appear to be applying a selective approach to the message of Mikhail S. Gorbachev's speech on the Bolshevik Revolution, depending on whether their error policies reflect or cleak duladze, was one of the first to meet privately with the Soviet leader on Tuesday.

The general's speech, which was published in full along with that of Mr. Gorbachev, stressed the water-shed character of the 70th anniversary celebrations in Moscow.

There was perhaps unintended importance of the first to incomplete the service of t

economic change.

In Poland, where the government is seeking to push through a program of change on the coattails countries, including Poland. of Mr. Gorbachev, newspapers ex-ulted Tuesday over the address.

"Socialism, not only in the Soviet zawy, the Warsaw daily, in a com-mentary. "The revolution is thrown into second gear."

In East Germany, the Commuthe speech on its front page, but Wojciech Jaruzelski, the Polish juxtaposed it with a congratulatory leader, a principal supporting role message to the new Chinese Comin the cast of reformers surround-minist Party leader, Zhao Ziyang. ing Mr. Gorbachev.

MA 05.

Revolution, depending on whether the Georgian director Tengiz Abtheir own policies reflect or clash duladze, was one of the first to irony in his characterization of Mr. with his campaign for political and emerge in the Soviet Union under Gorbachev's blueprint for change with his campaign for political and Mr. Gorbacbev's campaign for greater cultural openness. It also has been shown in other East bloc

Some diplomatic analysts say that criticism, coupled with extensive East German reporting on the Union, is entering a new stage of Chinese Communist Party Condevelopment," said Zycie Warszawy, the Warsaw daily, in a comoess of the East German leadership to some aspects of Mr. Gorba-

chev's efforts toward change. If the East German press was oist Party newspaper Neues reserved in its enthusiasm, Poland's Deutschland published the text of reporting sought to award General

The accompanying East German reporting lacked any exultant tone. Only last week Neues Deutschland was unusually outspoken in attack-

as a "Soviet springtime." That appeared to evoke the phrase "Prague Spring," what was used to describe the changes in Czecboslovak Com-

munist policy that led in 1968 to the Soviet invasion.

But General Jaruzelski went on to say: "Transformations reaching to the core are coming. They reflect the objective regularity of historical development. This is, therefore, a

lasting and irreversible process."

Most East bloc governments
bave thrown themselves in recent months into programs of economic change, usually coupled with more cautious poliocal changes. Some bave exploited the room for action created by Mr. Gorbachev's own policies; others appear to be seeking Soviet favor by following what they perceive to be Moscow's lead.

But while Hungary, Poland and Bulgaria have announced drastic changes, the leaders of East Ger-many, Czechoslovakia and Romania have been more cautious.

Diplomatic analysts said this appeared to be reflected in the reactions to Mr. Gorbachev's speech, which East bloc leaders apparently were studying closely for clues to the relative support within the So-viet leadership for his program of

That, in turn, would enable them to gauge the measure of their own future commitment to policies of change, the analysts said

Too Much, Too Fast? Western Analysts Can't Make Up Their Minds

By Barry James ternational Herald Tribune

International Herald Tribune
Mikhail S. Gorbachev's speech on the 70th anniversary of the Russian revolution has produced wide-

ly divergent interpretations among political analysts in the West.

Those interpretations often reflect the general views of the analysts about the nature of Soviet society and the likelihood of Mr. Gorbachev's achieving deep-rooted

intense over the significance of Mr. Gorbachev's treatment of the Stalin era. One specialist said that the speech was "infinitely more timid" than that of Nikita S. Khrushchev 31 years ago, but another called it courageous and bold.

Cesare Merlini, president of the Institute for International Affairs in Rome, said the speech could be considered from various aspects, like a glass that is either half empty

"I think Gorbachev was able to give the sense that the glass is slow-ly, painfully but definitely filling up," he said. "His speech gives a sense of the dynamics involved."

Egon Bahr, the architect of West Germany's Ostpolitik under Chancellor Willy Brandt, called the speech "bonest," while reflecting Mr. Gorbachev's need to pace his reforms. "There are tendencies to go further and faster than the sys-tem can bear," Mr. Bahr said. "The regulation of the pace is a determiring factor for the success or failure of reform. That is Mr. Gorbachev's problem."

"My impression is that Gorbachev is obviously in trouble at home," said Josef Joffe, foreign editor of the Süddeutsche Zeitung in Munich. "This was a Gorbachev we have not seen before oow - a leader who is cautious and conservative. I would think he has finally taken cognizance of the fact that you can't rebuild a 70-year-old system the way American presidents invent a new Jerusalem every four

Andrew Pierre, director general of the Atlantic Institute in Paris, while agreeing the speech was cau-oous, said that "we don't know whether it was cautious in a practical sense or wbether it was a stratethe International Institute for Stra-tegic Studies in London, also be-lieves that Mr. Gorbachev is having to pull in his horns in the face of

domestic opposition. "A sense of the obstruction that Gorbachev is encountering can be judged by comparing his speech with Khrushchev's Stalin speech he said. "Admittedly, that was secret and Gorbachev's was public. However, the fact remains that Khrushchev was precise and fas-reaching in his analysis of Stalings crimes, while Gorbachev was infinitely more timid."

Perhaps, some experts believe expectations were too high to begin

We were led by leaks coming out of Moscow to believe that this was going to be a major speech revising Soviet history," said Rich-ard Pipes, a Harvard University historian, who has served as a Naoonal Security Council specialist on the Soviet Union. "But I don't see how anyone can interpret it in

that way."
Mr. Pipes called the speech "a step backwards in some ways." Other experts said the airing of painful historical issues on live tele-

vision was significant in itself. "It was courageous," said Wil-liam G. Hyland, editor of Foreign Affairs magazine in New York. "He obviously opened some old wounds, and that's always dangerous and therefore bold. He didn't have to go that far on a oumber of historical issues."

"The main thing," Mr. Hyland added, "is that he has rehabilitated Khrushchev. That's different."

Mr. Hyland said the speech supports the view that Soviet foreign policy will become more accommodating. "He is trying to build a historical case for his own program, and be goes out of his way to link his policies with those of Khrushchev and Lenin," be said.

"It's an enormously important speech, a major political develop-ment, and to dismiss it because it was not a full expose of the past is to miss the point," said Stephen F. Cohen, a political scientist at Princeton University. "Historical truth isn't the issue. The issue is the great political struggle under way in the Soviet Union."

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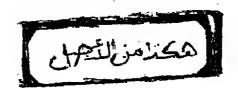
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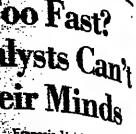
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Khrushches That's different Mr. Hyland said the specie ports the view that Sounds policy will become more and dating. "He is trung to be historical case for his owners and he goes out of his said his policies with those of b shehev and Lenia he sai "It's an enemoush me

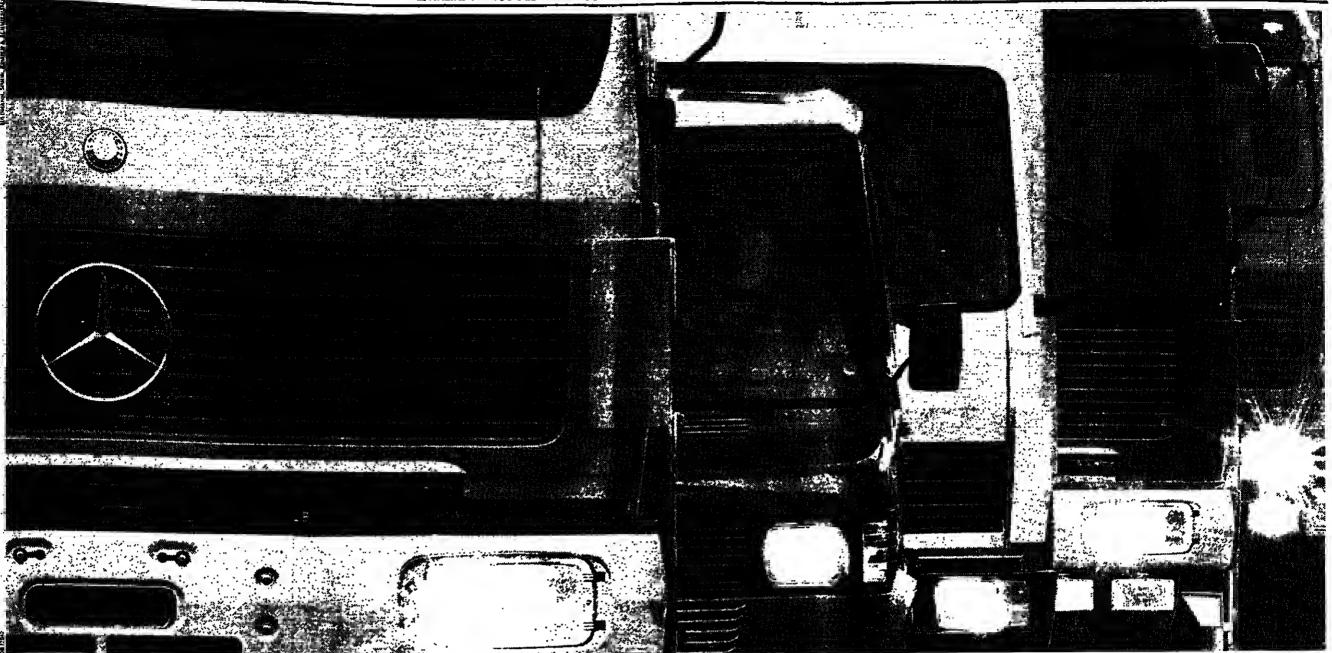
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90 Days Into Peace Pact, Central America Strife Appears to Be Widening

Washington Post Service
MANAGUA — As a peace accord begins to take effect Thursday in five Central American nations, the guns of war are sounding more loudly in the region than they did

three months ago when the pact was signed, according to politicians and diplomats.

In the 90 days between Aug. 7, when the presidents of the five nations agreed in Guatemala, and Nov. 5, the first deadline of the accord these has a toront of accord, there has been a torrent of activity by governments in the region seeking to meet its terms re-quiring cease-fire, amnesty, politi-cal dialogue, nonintervention and

But already many initiatives have done more to delineate than to close differences between govrayed against them, or between sharply opposed governments, ac-cording to regional observers. As the plan evolved, its Nov. 5

eadline went from being the last day for the five governments to comply with the accord to being the first. The foreign ministers of the region argued during their meeting last week in Costa Rica that it would be premature to assess any overnment's progress at this time. The presidents of Costa Rica, El Salvador, Guatemala, Honduras

and Nicaragua now agree that they must complete their efforts toward compliance and face a more definitive collective judgment when they recooved in another meeting ometime after Jan. 14. As of now, the consensus among

observers in the region is that the accord is very much alive, and very troubled. President Oscar Arias Sanchez of Costa Rica, the main architect of the plan, said last week

administration and the U.S. Con-

gress.

If the U.S. Congress accepts the administration's proposal for up to \$270 million in aid to the Nicaraguan rebels, the war in Nicaragua will escalate and the leftist Sandinist government has said it will feel forced to reject further compliance no matter what the other nations

If the five presidents eventually deem the pact to be working. Democrats in the Congress will be in a strong position to reject oew aid for the rebels, who are known as contras. The core conflict in the region will gradually wind down, leaving the Sandinists in power.

Since Aug. 7 there have been no fundamental changes in the underlying conflicts in three nations, Nicaragua, El Salvador and Guate mala. În Nicaragua, an estimated 9,000 cootras object to the Sandinista National Liberation Front's pervasive political control, collec-tivist economic policies and tilt to-ward the Socialist bloc.

The Sandinists, more passionatethan ever, reject the contras as U.S.-salaried mercenaries whose only goal is to recover properties and powers they lost in the 1979

In El Salvador, President José Napoleón Duarte Duarte remains hamstrung by a hard-line military to his right and about 6,000 guerrillas to his left whose basic demands have not changed in three years.

lo Guatemala the poverty of the majority Indian population and ongoing rightist death-squad murders have brought new recruits to a decades-old movement of about 2,000 Marxist guerrillas who in the mid-1980s came close to extinction.



KOCH PRAISES 'PEACEMAKER' — Mayor Edward L Koch of New York praised President José Napoleón Duarte of El Salvador, right, as a peacemaker Tuesday and assailed leftist rebels for seeking power "simply by

virtue of the fact they have arms." He is touring Central America as an unofficial observer of the Arias peace plan and was flown to San Salvador after rebels threatened traffic on the road between the capital and the airport.

4 Are Charged in U.S. With Smuggling Lasers

WASHINGTON — Two Japa-se businessmen and two Hungarian diplomats have been indicted

ian diplomats have been indicted on charges of smuggling high-technology laser equipment from the United States to Hungary.

The 15-count indictment, which was handed down Tuesday by a federal grand jury in Asheville, North Carolina, capped a three-year investigation by federal authorities into the diversion of U.S. high-technology equipment to the

The Japanese and the Hungar-ians are accused of smuggling an American-made laser trimming system from the United States

through Japan to Hungary.
The two Japanese charged were
Yoshio Fujinuma and Keisuke
Katsuta and their company, the Kuriomoto Trading Co. of Tokyo. The two Hungarian diplomats were Istvan Rona and Clara Uitz, who were based in Tokyo at the time of

the technology transfer, which the indictment said took place from May 1982 through November 1982 None of the four have been at

rested, and their whereabouts an not known, a Commerce Dep

ment spokesman said.
Paul Freedenberg, acting commerce undersecretary for experi administration, said the laser tria-mer was a key component in the production of semiconductors.

production of semiconductors.

According to the indictment, the two Hungarians arranged for the two Japanese to purchase the last trimmer in the United Staffs through a North Carolina businessman, Charles Moyer, who has been arrested and has pleaded guilty in connection with the affair. The indictment said Mr. Katsuta then is

connection with the artar. The indictrient said Mr. Katsuta then inranged to have the system experted
to Japan.

After being shipped to Tokio,
the laser system was smuggled from
Japan to Budapest in the household
effects of Mr. Rona.

Brazil Confronts AIDS-Related Threat: The Urge to Spread It

Washington Post Service
CAMPINAS, Brazil — Late one

Friday afternoon last month, a 31ear-old man with AIDS visited a local treatment center feeling de-

He had murder on his mind. Lonely and distraught, he had been planning a sexual binge to spread the fatal acquired immune deficiency syndrome widely through Campinas, a city of 850,000 about an hour's drive north of São Paulo.

Dr. Silvia Bellucci, an immunol-ogist at the center, recognized the man's urge. She had seen the same impulse oumerous times before in A crucial issue oow emerging is other AIDS victims, this macabre whether any leader or organization wish to pass the virus to unsuspectwish to pass the virus to unsuspect-

a data-processing firm, and the fa-ther of two daughters. Three years ago, he began having homosexual relations and contracted AIDS.

the desire to spread the virus occurs in victims elsewhere but seems to have received more widespread publicity in Brazil.

cocaine diluted with his own infect-ed blood, exposing about 20 peo-ple, ranging in age from 15 to 25, to the risk of contamination. They are Soothingly, Dr. Bellucci com-forted the would-be murderer and drew him back to his senses.

He sat right here on the couch," the doctor recalled during an interview in her outer office. "It was his birthday and he said he was feeling sad and anxious. No one had done anything to celebrate the day.

"He started crying and said he had been thinking of going out and spreading AIDS to at least 50 people. I cried with him, and then we talked for an bour and a half until

Second to the United States in the oumber of reported AIDS that it was at an "impasse."

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publicity in Brazil.

Simply identifying the sufferers of AIDS and easing the physical pain of their final days is said to be insufficient both for the victims The illness demands psychological

But in developing countries like Brazil, already hard-pressed to pro-vide even basic medical services, the complications and traumas of AIDS go largely unireated. In one previously unpublicized

center where Dr. Bellucci works, a 29-year-old drug addict who knew he was close to dying of AIDS gave

now being seen at the center.

In the southern city of Florianopolis, residents have been panicked for two weeks over a police report of a purported pact among a small group of drug addicts to spread AIDS. An 18-year-old girl caught stealing furniture from an apartment huilding where she lived told authorities of the alleged plot. She identified a married couple infected with the virus as the ringleaders.

They were said to have hosted parties at which they mixed their blood with cocaine and used a single syringe to inject it into others.

The accused have denied scheming to spread AIDS. As authorities try to establish the truth, Brazilian ocwspapers say Florianopólis is swirling with rumors that up to several hundred people may have fallen prey to the alleged plotters and that schoolchildren were fed and that schoolchildren were fed contaminated chocolates by the group. The virus is not transmitted through food.

Behind the urge to inflict AIDS on others lies a combination of sa-distic and masochistic impulses, doctors say. Resentment against society merges with looeliness, de-spair and disgust with oneself.

"It is a mix of wishes to contaminate others and, as a kind of self-punishment, to be re-contaminat-ed," said Margo Mair Marques, a

psychologist who treats AIDS vic-tims in Campinas. "It is usually a phase," she said.
"part of the ups and downs of com-

ing to terms with the disease." Often, the impulse is oot explicitly articulated but exists subconsciously. "Some victims knowing they have AIDS keep behaving as if they were not infected," she said. "Others say they are oot worrying

the intention to infect others." Public insensitivity to those with AIDS has aggravated the problem, according to medical experts. Along with a growing awareness in
Brazil this year of the dangers of
AIDS, there have been reports of
infected persons being expelled
from jobs, run out of towns or
hunted down by the propert of the property of
the property of the propert ly, health officials ordered clinics to Lebanon Guerrillas Kill

Such measures are said to drive victims of the illness deeper into A member of the Israeli-backet depression, or to give rise to anger.

Some victims choose suicide. In São Paulo, where the majority of the known AIDS cases in Brazil are coocentrated, 60 AIDS victims billed themselves in the first six cials said Wednesday. months of this year, according to statistics kept by a medical law

Dr. Bellucci, who has been work- ficials said.

says they need psychological care to combat what she calls the "AIDS ghost," an obsession with the fatal disease.

Concern in San Francisco AIDS tests will be urged for about 30,000 former patients who received blood at three hospitals in the San Francisco area from 1977 about the consequences of their ac-tions. They say they couldn't care less about passing ou the disease. That's really a kind of masking of

percent of blood supplies provided to the Kaiser health-plan hospitals during that period were contami-nated with the AIDS virus. The hospitals are in San Francisco, San

start reporting the oames of anyone who has tested positive for AIDS A Member of Militia

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Tutu Cites Pretoria in Mozambique Killings

JOHANNESBURG - Archrishop Desmond M. Tutu, the 1984 winner of the Nobel Peace Prize, accused South Africa on Wednes-day of sharing responsibility for a bels of the Mozambican National 278 people died.

said that South African denials of rebels, said Monday it took the that country."

involvement in the killings north of Maputo last Thursday lacked cred-

Mozambique has said the massa-

massacre in Mozambique in which Resistance, known as Renamo, 278 people died. Resistance, known as Renamo, which Maputo says is helped by

strongest exception to accusations

"But the government's outrage protests cut no ice," Archbishop Tutu said. "Developments in Mozambique are forcing more and more rational people to the capable conclusion that the South In a statement that is bound to
South Africa.

African government shares responsanger Pretoria, the Anglican leader

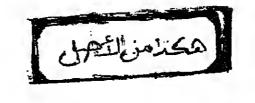
Pretoria, which denies aiding the sibility for the dreadful carnage in

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The reason for the current balthy state of the off co manin in Pans and the Familians boon in the Westerr suburits as the French government's Medization in 1989 of devolment permit or "agreement" melaions, which altered the blace of supply and actually femerly speculative articlesmovement allowed to build morethan 1,000 square micrors (L200 square varies of office sac without the permission dDATAR, the French indus-

mil development agency "As soon as the requiremons were waived, developas began building as rapidly z possible. It was a revolu-1001," says Jean-Claude Bourdis head of Bourais Consulunt "Within two years avesors had bought 2 mil-

los square meters." Berween 1984 and 1986 regustion and a buildup of demand for central Paris space pushed up sents dramatically." 275 Robert Lipscomb, partner a Healey and Baker. Real esare professionals now foresee aronen to equilibrium with a somborn in rental increases. epending on the move to the sabarbs by large companies and the relaxation of planning obligations in the city center. The open market has created a stimulus for developers and investors - and at the ame time a nagging fear that builders may have gone too far



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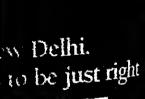
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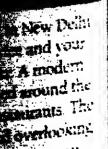
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'N recent years the French government has made determined efforts to decentralize. The French capital, nevertheless, continues to win hands down on office rentals. With half of the office stock of the country, 70 percent of the insurance companies, 96 percent of French bank headquarters and the quasi-totality of the headquarters of multinational companies, Paris remains irresistible. Says Jonathan Driscoll of Féau Hampton Enterprises: "A lot

of people will be moving out

to the suburbs but I don't

think it will be all that diffi-

cult to replace them."

Suburbs

Boulogne

Levallois-Perre

La Défense-Courbevoie

Of course the city has its disadvantages — pollution, parking problems, insufficient office space. Still, in response to a survey last June for the Club de l'Immobilier, 60 percent of the people working on the rue de la Boetie in the heart of the 8th arrondissement said they "could not possibly envisage moving away from their present quarters."

Liberalization

The reason for the current healthy state of the office market in Paris and the building boom in the Western suburbs was the French government's liberalization in 1985 of development permit or "agrément" regulations, which altered the balance of supply and demand. Formerly speculative developers were not allowed to build toore than 1,000 square meters (1,200 square yards) of office space without the permission of DATAR, the French industrial development agency.

"As soon as the requirements were waived, developers began building as rapidly as possible. It was a revolution," says Jean-Claude Bourdais, head of Bourdais Consultants. "Within two years investors had bought 2 mil-

lion square meters." Berween 1984 and 1986 "stagnation and a buildup of demand for central Paris space pushed up rents dramatically," says Robert Lipscomb, parmer at Healey and Baker. Real eseare professionals now foresce a return to equilibrium with a slowdown in rental increases, depending on the move to the suburbs by large companies and the relaxation of planning obligations in the city center.

The open market has created a stimulus for developers and investors - and at the same time a nagging fear that builders may have gone 100 far

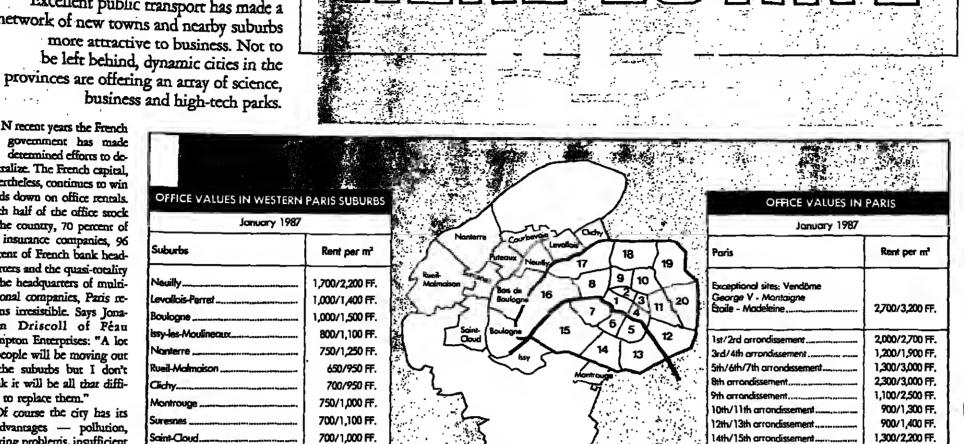
too fast. Says Jean-Pierre Porrefait of Entreprises et Regions: "I am convinced that it is impossible to go from a certain framework of rules to total liberalization. In the past, the hedge was very high but once you crossed it you could sell what you had produced. This liberalization could bring about a terrible amount of wasted invest-Choice Markets

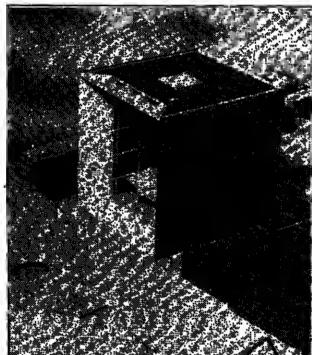
Many real estate professionals agree that liberalization has created a more sophisticated market in which the user will have more choice - and

demand more quality. Bourdais says that "there will now be a distinction within neighborhoods. Before, there was a price per square meter for all buildings within the same neighborhood, no matter what the condition of the building. Now owners are going to have to be careful about asking the price that corresponds to what the building offers." Comments Clive Llewellyn, head of Féau Hampton Enterprises: "A top rental in central Paris can reach 3,000 francs per square meter. But users aren't stupid

the prized 'Golden Trian-

The move toward the suburbs began in the 1970s, first with a shift toward Neuilly and then across the bridge to La Défense, an office complex created on the doorstep of Paris in the late 1950s by the central government as an alternative to the Paris office squeeze. Although the com-





,200/1,900 FF.

The Move Out Paris is attractive — but it doesn't always fit the needs of

companies wishing to regroup or expand. As the cost of office space in the inner city rises, both French and foreign companies are getting acusinted with suburbs to the West and the South as well as the five new towns of Evry, Melun-Senart, Marne-la-Vallée. Saint-Quentin-en-Yve lines and Cergy-Pontoise.

difference between a vague

renovation and an entirely ren-

ovated building with all the

modern conveniences."

Says one real estate adviser: "The situation now is just the opposite of what it has been over the past few years. In the 1970s the demand was for the center of Paris and the center of the regional capitals. Now high tech parks have come of age around cities and while there is not exactly a mass move away from Paris, companies setting up in France are now more willing to consider locations farther away than

La Défense

plex had its ups and downs,

July bought "La Colline Nord," the last prime piece of land in La Defense: "The great thing about Paris is that it has managed to keep the architectural beauty of the city and protect it from towers. Still, a loc of space in Paris is sub or semi-standard and people are now asking for quality space - modern efficient space in which to put their computer systems. A lot of buildings constructed 30 or 40 years ago just can't accommodate modern computer equipment and workstations." Acquired for 170 million

Continentale Investissements

which in a joint company

with Heron International in

which reinforce the perpendicular aspect and act as the forerunners of what can be the reorganization of La Défense toward the North and South." Developers say that the 35,000 square meters of office accommodation which will be spread over seven individual low-rise buildings adjacent to the cube will be the first project in La Défense to provide raised floors for cabling. The success of La Défense

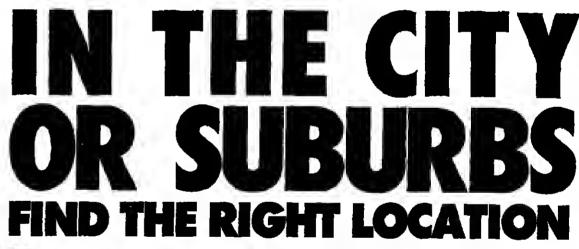
clearly lifted any stigma investors, developers, and users may have felt about the suburbs. "It is a fact," says an EPAD spokesman, "that the 2 million square toeters of office buildings now being put

'As soon as the requirements were waived, developers began building as rapidly as possible. It was a revolution.

dollars as a turnkey operation from the SAEM Tête Défense, a semi-public body, La Colline Nord forms part of the prestigious La Tête Défense complex, best known for its empty marble cube with 110-meterlong sides designed by the late Danish architect Johan Otto von Spreckelsen. The walls of the Grande Arche will house 35 floors of offices for 5,000 employees. On either side are low-rise office buildings designed by architect Jean-Pierre Buffi, who says his aim is to "create a series of buildings

up in the suburbs would never have been launched without the success of La Défense." Between two million and three million square meters of offices are being planned in the Western suburbs of Levallois, Puteaux et Courbevoie for 1992 -- compared to only 550,000 square meters of new office buildings within Paris. Cassandras say the building spree will lead to a glut. Most professionals, however, say that the building in the sub-

(Continued on Page 10)



1,750/2,500 FF.

1,500/2,200 FF.

900/2,500 FF.

president of Feau Enterprises:

"I think the turnaround at La

Défense was one of the major

success stories of the past few

years. It came from being a

white elephant disaster and to-

tally unlettable to a highly

Comments Paul Raingold,

managing director of Générale

successful operation."

18th/19th/20th arrandissement

particularly after the oil crisis

in 1974, it is now "95 percent"

finished according to officials

at the Etablissement Public

pour l'Aménagement de la

Défense (EPAD), the public

body in charge of planning at

La Défense, which qualifies

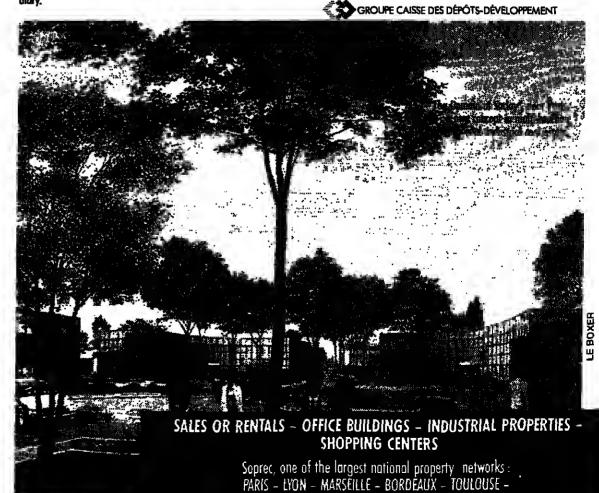
the project as a "total suc-

cess." Says Clive Llewellyn,



Paris headquarters of "la Caisse des Dépôts et Consignations". Organisation of wich the porent company of Soprec is a subsi-

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25 offices in France - Subsidiary in New-York

French Commercial Real Estate (Continued from Page 9)

urbs will simply lead to more choice. Says Clive Liellewyn of Féau Hampton Enterprises: "The question of overproduction in the Western suburbs is one of quality not quantity. It is probably the older, less well-located buildings which will suffer most, not those just going up. But we are defi-

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selection, construction plans and techniques.

nitely moving toward a situation where there is a choice in the Western suburbs."

High Tech The suburbs of Paris have lent themselves admirably to

the development of high tech

parks. CGI, the leader in

France of rental parks, has 27

of these centers in France, 22

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of which are located around the Paris area. One of the most important of these areas is the Cité Scientifique Paris Sud, where the company has 700,000 square meters of hightech buildings. This area, situated between the new towns of Saint-Quentin-en-Yvelines and Evry, is home to

PROMOTION

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8,000 high-tech enterprises, including Thomson, Matra, IBM, the CGE, and Alcatel.

Besides Saint-Quentin-en-

Yvelines to the west, which has attracted the headquarters of the French construction giant, Bouygues, and Electronique Serge Dassault, the four other new towns of Evry, Marne-la-Vallée, Meiun-Sénart and Cergy-Pontoise, have also acted as attractive poles for companies wishing either to regroup or to pay rents which are sometimes as low as 500 francs per square meter. The extension of the RER and the construction of the "Francilienne," 2 highway network which will link all the new towns in the next few years, has given an addiDescartes, a future technological park, brings in 30,000 dients a year. The Ecole Superieure des Ingénieurs en Electronique er Electrotechnique and the prestigious Ecole National des Ponts et Chaussées, as well as Honda, Control Data, Danzas and IBM, have all set up operations in

Jean-Paul Bertheau, assistant general manager of Meunier Promotion, a subsidiary of the Banque Nationale de Paris, recalls: "In 1974 there were a few low-cost housing projects, a shopping center and a parking lot with 5,000 places and not one empty office building." Since that time Meunier has built 100,000 square meters of office

Paris is attractive — but it doesn't always fit the needs of companies wishing to regroup or expand.

tional boost to the activity of the expanding new towns.

Once companies have made the move out of Paris, they often start to expand in earnest. In Evry, where high-tech companies such as Hewlett Packard and Digital have located, 60 percent of the new jobs created last year were in resident companies compared with 70 percent created by new companies in 1985. Marne-la-Vallée

Marne-la-Vallée, at only 12 kilometers from Paris, is the closest of all the new towns to the city center. An area of rich farmland some 15 years ago, this rapidly developing area, composed of 15,000 hectares of land spread over 26 communes, has attracted companies such as Bull, whose Training Center at the Cité

buildings with 300,000 square meters being planned.

Mame's real claim to fame is Eurodisneyland, "a fantastic calling card," according to Jean-Marie Boyer of EPA-MARNE, the public body in charge of developing Marnela-Vallée. "The arrival of the RER would have been inconceivable before Disney decided to set up there. And it has brought a lot of private companies out here. The choice of Mame-la-Vallee by Eurodisneyland has really given a notoriety and a certain status to this new town."

Financing The French have long held love affair with real escate. However, 25 direct ownership in residential property has declined over the past decade,

creare SCPI's (Sociétés civiles de placement immobilier). These companies are set up by banks who wish to offer their clients the opportunity of owning shares in real estate mutual funds for a minimal investment. This formula has proved so successful that, according to a study by Auguste Thouard, investment in

The SICOMI's (Sociétés immobilières pour le commerce er l'industrie) are financial companies engaged in the long-term financing of commercial or industrial buildings, either through direct

SCPI's has grown from 8.5

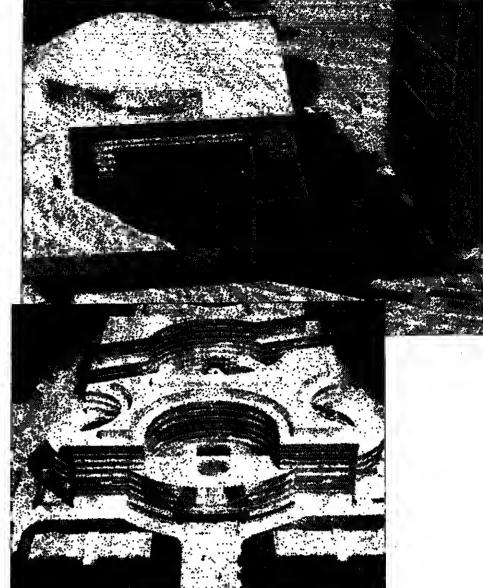
percent in 1980 to 14 percent

rental or leasing. SICOMI's provide leasing facilioes with a purchase option for the tenant at the end of the contract. In addition, the SICOMI can acquire property for its own account as a permanent investment. In exchange for tax exoneration, the Sicomi has to distribute at least 85 percent of its annual profit to its shareholders.

Interbail, a SICOMI created by the Crédit Commercial de France, a Swiss group composed of Wintherthur, Intershop Holding, Union de Banques Suisses and a German group, says that the average shareholder is a "family man interested in making a 7 per-

t annual return on his investment." Total investment in SICOMI's over the past 20 years has amounted to 155 billion francs. Of that, Interbail's part is 700 million

The market will continue to have a strong demand, mainly from service companies and we'll see rents continuing to rise and the capital continuing to attract foreign investors. Hopefully there will be a more fluid market with a relaxation in planning regulaoons, which will make it easier to reconstruct buildings inside Paris," says Robert Lipscomb of Healey and



legislation was introduced to Paris Intramuros

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HERE is more to Paris than the "Golden Triangle," an area that extends from Trocadero to the Porte Maillot and Opera. The Paris city government has carried out extensive efforts to redevelop the cast of Paris - a traditional area for small shopkeepers and crafts-

men which, unlike the west of Patis, has virtually no company headquarters. As a part of the extensive development plan of the area, 300,000 yards) of new offices will be built, excluding the new Ministry of Finance. The American Center, whose traditional

home has been on the Boulevard Raspail since 1931, is currently negotiating with the city for a location within the new Bercy development. "It is square meters (360,000 square true," says Henry Pillsbury of the American Center, "that the Montpamasse of the '80s has now shifted to the area behind the Bastille."

Although Montparnasse may no longer be the hotbed of artistic talent that it once was, the 57-story Tour Montparnasse built in the '70s has transformed it into an active office area. The next major development in Montpamasse - probably one of the last in the center of Paris (not counting the 4.5 hectares of land at Dupleix to be sold by the Defense Ministry) — will be a 1.5 billion franc project by the French company GFF. They plan to build a 3-hectare park and office complex over the new station for the TGV Atlantique (train grande vitesse), which will link Paris to Bordeaux in three hours. The complex - the Nord-Pont with 43,000 square meters of

offices and shops and the Sud-Pont with 30,000 square meters of offices and shops will be linked by pedestrian galleries. The complex will be designed by French architect Jean Willerval.

Developers are also watching is the Stock Exchange, where space has become exccedingly tight due to deregulation and the growth of financial service companies. Some rumors would have a "Financial City" being set up outside Paris. Others expect expansion probably closer to home, in the Garment District, though this would depend on easing local planning restrictions. At any rate, this is one area planners will be turning their attendon to in the future. Says Clive Llewellyn of Féau Hampton Enterprises: "I think the space problem in the area of the Stock Exchange is one of the major problems in Paris today."

This Advertising Section was written by Harriet Welty-Rochefort



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The Spread

RENCH businessman H Jean-Jacques Land works at the U.S. comas Black and Decker in the madeut of Dardilly and is regular on the Pans Lyon TOV run - sometimes even dog the train in the marnignormum to Lvon the same come Patrick Geffay, busiess manager for Monsanto Agrendante Company in Isla dabean, a new town ourside d Lyon, mavels to Paris two

days 1 week The French national raisand company estimates that opposimately 9,000 people like liard and Gerica; crissaus France every day. Going n Pais from Lyon — equivafor m going from Los Angels to San Francisco — is, for most French businessmen, has shuttle biz.

Hewlert Packard in Grenoble says that some of its emplayers make so many unps -manage of 50 return trips in the work - to Paris that the company has set up an inhome travel agency.

While the overwheirning najority of beadquarters of minationals remain in Paris more and more firms have at up branches in the provmes Says Jean-Clair Maurel dimenter of SOPREC, 2 real cante subsidiary of the Causse des Depots, which owns 578,000 square meters of ofhas all over France: "Over the past decade improved airdescand train service 25 well 25 decommunications have creand a market in the provinces which is both spontaneous and voluntary. Many compaare, particularly foreign ones. to go to the provinces." tording to the magazine Emprises et Regions." tise fice marker in the provinces la increased 60 percent over best two years, from 153,400 square meters of new offices in 1984 to 246.000 square meters last year. Name Cities - Lyons, Lille, tics Grenoble, Rennes, Toulouse, Bordenux and Strasbourg, Nice and account for 70 the commercial property activity.

What Is the IQ of your Building?

THESE days, the ques-tion is less facctious than it sounds. Thanks to a handful of truly "smart" or "intelligent" build ings in the United States, Japan and Europe, the question of how to either make an already existing building "intelligent" or to conceive such a building from scratch is very much in the minds of developers and real estate professionals in France

Just recently the French construction giant Bouygues and IBM announced the crearion of a common subsidiary whose specialty will be the research and delivery of turnkey smart buildings. Called IB2 Technologies, the group's target is an estimated 6 to 7 percent of the 70 million quare meters of offices potentially interested in the concept of a smart building.

Close on the heels of IBM and Bouygues, rival groups Bull and Spie Batignolles also

annual return on his in-

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in SICOMI's over the PAST II

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announced they would cooperate on technological innovations in offices, particularly pre-cabling systems. Bull cabling systems will install all the computer equipment in Spie's new headquarters at Cergy-Pontoise.

The definition of a smart

ADVERTISING SECTION

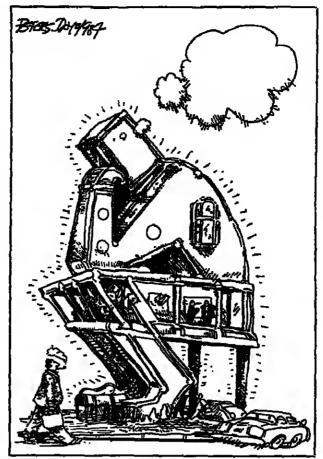
building varies slightly from country to country. Generally speaking, though, a smart building is one with state-ofthe-art office automation, ventilation and security systems. The anrithesis of the generation of anonymous skyscrapcrs, a smart building is a lowtise with plenty of natural light, greenery and possibility for the personnel to meet each other around the various patios and arriums designed as crossways. Generally, the architecture and design of a smart building makes a powerful statement about the company's image.

Says Claude Barbier, general manager of Jones, Lang,

Woomon: "In France there are buildings which are 'intelligent' to varying degrees. Companies such as Bouygues, for example, have created their own buildings with the most sophisticated office automation but for the moment no developer in France has creared a smart building for differ-

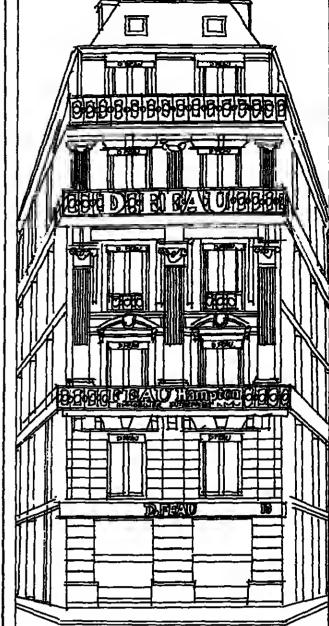
ent users." Recent buildings, however, are tending to be as smart as they can. Auguste- Thouard is currently commercializing the Parc du Bois Briard, 24,000 square meters of offices in the new town of Evry which differ radically from traditional office buildings, Presented as a "shell and core," this hightech building offers numerous combinations of ventilation and a variety of possibilities for cabling. The ceilings, which are almost 4 meters high, will allow users to vary floor level depending on indi-

For British developer Keith King and the KLN architec-

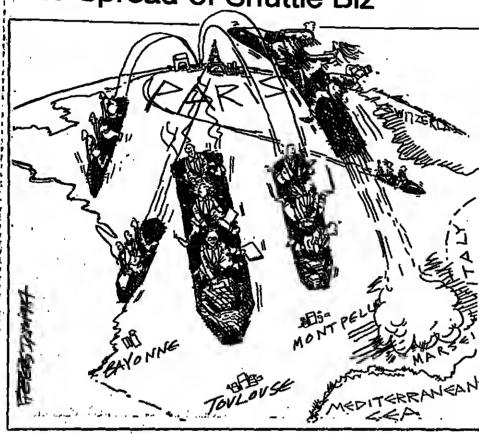


tural firm which has designed the buildings, technological innovation is the key to the future. Architect Gérard Leroy of KLN says that many buildings are now becoming totally obsolere for high-rech purposes. "Some buildings," he says, "are not being rented because they are just not up to standard." In the future, he says, "users will be asking for buildings which are flexible and adaptable. The ones which are impossible to equip for cabling run the risk of remaining unrented."

In spire of efforts to go even further to meet the technological age, France does not yet have a bost of smart buildings. Instead, says Claude Barbier of Jones Lang, "it has smart buildings with different iQ's." The next challenge for developers will be to make existing buildings smarrer and come up with a whole generation of intelligent buildings adapted to the needs of high technology.



The Spread of Shuttle Biz



RENCH businessman Jean-Jacques Liard works at the U.S. com-Lyon suburb of Dardilly and is a "regular" on the Paris-Lyon TGV run — sometimes even taking the train in the moming to return to Lyon the same evening. Patrick Geffray, business manager for Monsanto Agriculture Company in Isle d'Abeau, a new town outside of Lyon, travels to Paris two days a week

The French national railroad company estimates that approximately 9,000 people like Liard and Geffray crisscross France every day. Going to Paris from Lyon - equivalent to going from Los Angeles to San Francisco - is, for most French businessmen, just shuttle biz.

Hewlett Packard in Grenoble says that some of its employees make so many trips -an average of 50 return trips in the week - to Paris that the company has set up an inhouse travel agency.

While the overwhelming majority of headquarters of multinationals remain in Paris, more and more firms have set up branches in the provinces. Says Jean-Clair Maurel, director of SOPREC, a real estate subsidiary of the Caisse des Depots, which owns 578,000 square meters of offices all over France: "Over the past decade improved airline and train service as well as telecommunications have creared a market in the provinces which is both spontaneous and voluntary. Many companies, particularly foreign ones,

ask to go to the provinces." According to the magazine "Entreprises et Regions," the office market in the provinces has increased 60 percent over the past two years, from 153,400 square meters of new offices in 1984 to 246,000 square meters last year. Twelve cities - Lyons, Lille, Nantes, Grenoble, Rennes, Rouen, Toulouse, Bordenux, Nancy, Strasbourg, Nice and Marseille - account for 70 percent of the commercial property activity.

From Lille in the north to Toulouse and Montpellier in the south, the provinces are . recombboies or scientific business parks are sprouting up on the periphery of many provincial cities.

In Bordeaux, the commercial property market didn't really ger off the ground until 1981 when the Banque Privee de Gestion Financière built 2 Parc Club near Merignac Airport. Since then the regional headquarters of 80 companies, including Agfa-Gevaert, Alcatel, Bouygues and Sodexho, have located there. Other operations such as Bordeaux Lac have attracted companies like

IBM and Miele, a 1,600-person conference center and a hotel capacity of 1,000 rooms. In Lyon, second only to

Paris for its scientifie and research industries, municipal authorities have pushed for a scientific center around Gerland, a former slaughterhouse district only 10 minutes from the heart of the city. With Ecole Normale Supérieure de Lyons as its hub, Gerland comprises a plethora of biotech or pharmaceutical companies. Another "technopole" in Lyons Ouest includes four "grandes ecoles," and computer, electronic and biotech firms such as Black and Deck-

er, Bull, Hewlett Packard, IBM and Mericux. According to Patrick Verdier of Auguste-Thouard in Lyons, the market progressed regularly in 1986 with a demand primarily for smaller offices (around 230 meters). Further south, Toulouse

and Montpellier have a foothold on the future. Montpellier, the first city in the world to be equipped on an industrial scale with a fiber optics cable network has created Montpellier Technopole, which has four main centers of interest: agronomy; new communications; health; and electronics and information processing, Launched by IBM, which settled in Montpellier in 1965, the computer industry and high-tech sectors now account for one third of the city's activities. Says Christian Felix, director of the SOPREC at Montpellier, which has commercialized the Agropolis scientific park for companies in the agricultural processing sector: "There has been such an acceleration of demand in Montpellier that for the past three years the rate of occupancy of new buildings has been 30,000 square meters a year, half for public building,

half for private." Currently there are 100,000 square meters of offices available for rent or sale in the southwestern metropolis of Toulouse, where the main areas for offices are near the airport of Blagnac, Labège in the southeast and "Compans-Caffarelli" in the center of town. Small wonder: the me-

around 28,000 square meters the map toward the North," market here." "The market in the prov-

Southern cities tout the good life and the exceptional climate but Lille, with a population of 1.1 million, will have the TGV Nord linking it to Brussels in only 35 minutes, and Amsterdam in two and a half hours. While the Chamber of Commerce says office space in Lille now turns make itself known," he says.

tropolis of over half a million

people is the home of the

European aeronautics industry

with Aerospatiale and the

Centre National des Etudes

Spatiales as well as foreign

firms such as Motorola, ITT,

Cannon Electric and Bendix.

According to Guy Schlegel of

the Chamber of Commerce of

Toulouse: "The strong accel-

eration of new programs cor-

responds in a very strong de-

mand. From 35,000 to 40,000

square meters of offices are

being rented or sold every

marketed a year, Auguste-Thouard puts the figure for the Lille area at 40,000 square meters. In any event, real escare professionals hope that the coming of the TGV will bring in new companies. "The TGV is going to redistribute says Philippe Lieffroy of Ferinel Industries Nord. "It should stimulate the market in the city center and modify the commercial real estate

inces is going well," says Jean-Piecre Portefait of Entreprises er Regions. But, he adds, smaller towns such as Angoulème or Angers suffer from low offer and could use "a few brave souls" to launch office buildings. "When the offer disappears the demand doesn't

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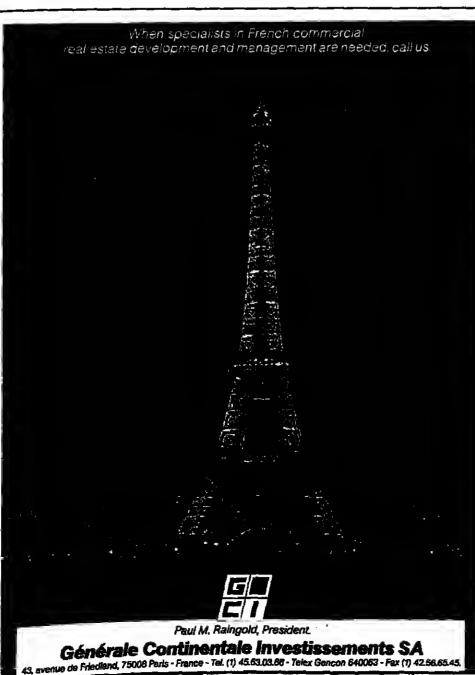
pleasant working environment. Indeed, even the term technopolis is inadequate to describe such an area. Soon heading for 2,000,000 square meters of office space and 650 hectares of industrial estate, set in the heart of 15,000 hectares of woods and lakes, close to residential areas, Marne-la-Vallée is much more than a technopolis: it is a real living city, tailored to the human aspirations and technologies of our modern age.

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Satellites, Weapons In Battle of Deception

By William J. Broad
New York Times Service
ABATTERY of new technol-

ogies, some mature, others on the drawing board, will help the United States overcome Soviet efforts to deceive Western spy satellites, according to former govern-ment officials, space experts and private scientists.

For years, largely without public knowledge, the two superpowers have vied to fool each other's surveillance satellites and the military analysts who interpret top-secret photographs made from space.

Weapons in the war include camouflage, concealment, decoys and misleading deployments of real weapons. Both sides use groundbased radar and computers to track hostile satellites and to predict when they will pass overhead, allowing military units on the ground to hide or disguise sensitive opera-

False deployments of tanks, planes, missiles, command posts and other military installations are seen as important for creating a psychological edge in peacetime and for drawing away enemy fire from real targets during war.

Nuclear arms are supposed to be exempt from such games. The United States and the Soviet Union have agreed in treaties to refrain from interfering with satellite reconnaissance to monitor compliance with ouclear arms agreements. But ccitics say neither side has completely lived up to the pledge.

The West has long been at a disadvantage in the war of deception because it is difficult to keep fake operations and false deployments secret in an open society. But it has recently made several advances in ways to see through Soviexperts say, Western spy satellites will be cearly impossible to track and will be able to see through clouds and outwit enemy camouflage and decoys.

Dino A. Brugioni, a senior reconnaissance official at the Central Intelligence Agency for 34 years before his retirement in 1982, said: There's oo doubt that the West has the advantage" in perfecting the new technologies, which rely beavily on advanced materials, electronics, computers and optics.

The KH-11 spy satellite launched last week by the United States boasts technologies that mark a first step in that direction.

The KH-11 has powerful, lightweight engines that allow controllers on the ground to maneuver it in orbit. Future spy satellites will be

enemy equipment.

to create sensors that can record an aircraft hangar. more than the waves of visible light, enabling them to expand from simple black and white images to simultaneous measurements of hundreds of distinct parts of the electromagnetic spectrum. Such sensors could see through camouflage and gather subtle clues about whether "weapons" are made of metal or plastic, whether they are real or fake.

In the Soviet Union, such concealment and deception is called maskirovka. The name is applied to any measure that aims at disgnisin the real picture and showing a false one to an enemy.

Viktor Suvorov, a former Soviet intelligence officer who defected to the West in 1978, says the Soviet military collects data on hostile spy satellites, predicts their orbits and tries to dodge or deceive them.

"No trials of tanks, aircraft, radio sets, radars, or submarines were to be undertaken if, at a particular moment, a hostile satellite was overhead," Mr. Suvorov wrote in his book "Inside the Soviet Army. He said the increasing accuracy of American missiles prompted the production of false targets.

ACCIDENTS of nature have occasionally helped reveal Soviet deception. In his book on the Soviet military, "The Threat," Andrew Cockburn tells how American photo interpreters in the early 1970s discovered that a new ballistic missile submarine had joined the Soviet northern fleet at Polyarnyi on the Barents Sea. But after a storm swept the area the new "subma-

rine" was bent in half. Mr. Brugioni said such incidents suggest ways for the West to see through some Soviet deception. Such movement, he added, "will even without new technologies. make concealment and subterfuge The photo interpreter has all kinds of tricks," he said. "If the Soviets put up dummy aircraft, yon never see them being serviced. If they put up rubber dummies and

decoys, you see them smashed as the weather and seasons change," Although the Soviet military is considered a master in the art of satellite deception, the American military has learned a few tricks

over the years.

A second future technique is to soldiers and airmen involved in the build spy satellites out of materials, effort were stationed in Egypt, like those in the "stealth" aircraft, along with their weapons and airthat absorb or disguise radar craft. All their activities were carewaves, making them invisible to fully timed. Whenever a Soviet reconnaissance satellite was to pass Yet another technique would be overhead, the soldiers took cover in The Navy has used such methods to hide ships at sea, timing their

speed of transit to avoid passing satellites. In 1985, for example, an American naval force evaded Soviet detection during its passage across the Atlantic. Its commander, Vice Admiral Henry Mustin, later boasted: "We disappeared from the face of the earth as far as the Soviets were concerned."

Paul B. Stares, a space expert at the Brookings Institution in Washington, said the Navy not only knew how to avoid Soviet satellites but practiced having its ships temporarily sail on false courses in order to trick them.

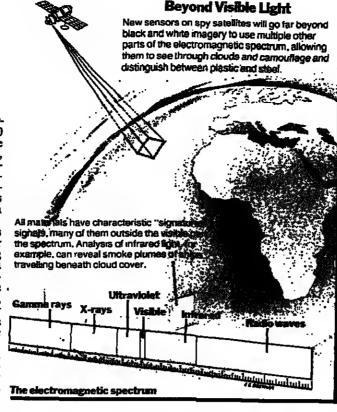
The American military is increasingly looking to advanced technologies as a way to outwit the Soviets, experts say. The KH-11s engines, for instance, allow it to move around in orbit and to show up in unexpected places, thwarting attempts to conceal or mislead. "Every time we have a satellite in a position where it's not supposed to cylinder (3.5-metric tons) carrying Earth, be, or launch a new satellite, we see experiments to develop new space. The things we've oever seen before and don't see again after they catch on" by tracking and predicting the sat-ellite's orbits, said Angelo M. Co-devilla, a senior research fellow at the Hoover Institution in California and a former staff member of the Senate Intelligence Committee.

its engines refueled by military astronauts working from the space shuttles or the proposed space sta-"Access to filling pumps will allow almost constant maneuvering," said William E. Burrows in his recent book, "Deep Black: Space Es-pionage and National Security."

The next generation of American

-maskirovka - all the more diffi The ultimate way to foster un-predictability is to be invisible —a top-secret endeavor being hotly pursued by designers of military

Stealth techniques are widely used in military fighters, bombers and cruise missiles to reduce their visibility to enemy radar. Two main methods involve replacing metals The most common practice is to with lightweight composite matericapable of being refueled, dramati- For instance, during the unsuccess- smoothing body parts so they de- range of the electromagnetic spec-



flect them. Congressional experts on weapexperiments to develop new space- The military's aim is to vastly for making stealth satellites.

sensors that can simultaneously could thus no longer masquerade monitor hundreds of distinct parts as metal. Camouflage would be reof the electromagnetic spectrum, a vealed as canvas rather than fotechnique scientists call "multi-spectral" analysis. The goal is to Penetrating clouds and other spy satellites, the KH-12, will have jects and to penetrate natural barriers and camouflage.

Paul D. Zimmerman, a physicist and senior associate at the Carne- search in Boulder, Colorado, was gie Endowment in Washington, said the process was similar to performing "a rough chemical analysis" of earthly objects from spy satellites several hundred miles away. "Anything that's camouflaged or decoyed will be seen to be gases from smokestacks of passing that way," he said. "You'll be able ships, "What's really amazing is to see it's physically and chemically different from the thing it's presented when the work of the work o

tending to be. Multispectral techniques were ioneered not by the military but by civilians, in particular the National Aeronautics and Space Administration. In the 1970s NASA created two pioneering satellites, Seasat and Landsat, the former stay out of view of Soviet satellites. als that absorb radar signals, and working in the radio-frequency

flect radar signals rather than re- trum and the latter the visible area of the spectrum.

The current generation of Landons say the Pentagon is applying sat satellites have sensors that si-stealth techniques to satellites, an multaneously monitor seven differassertion the Defense Department ent parts of the spectrum Civilian declined to discuss. It is known, scientists have discovered that however, that in April 1984 the bands can reveal subtle clues about space agency launched a four-ton objects under observation on

age materials including secret ones expand the oumber of channels being monitored from space in order Perhaps the most exotic and to increase the power and sophisti-powerful technique under develop-cation of remote chemical analysis, ment is the effort toward satellite Decoys made of wood or plastic

gather subtle clues about the actual barriers is possible when space senphysical makeup of observed ob- sors focus on revealing signals. One day, for example, James A. Coakley Jr., a senior scientist at the National Center for Atmospheric Relooking at a 3.7-micrometer space photo of the ocean, which is in the infrared region. Clouds were nearly invisible. But the picture was con ered with myriad streaks, which be quickly realized were caused by

"The future is very interesting," said Brian Gordon, a Defense Intelligence Agency analyst, noting that multispectral sensors were under development that could simultaneously monitor 224 parts of the electromagnetic spectrum.

The skies may be crowded in the future" with new kinds of satel-

The Smallpox Quandary

New York Times Service

EN years after smallpox I ceased to exist as a human dis-ease, virus experts and public health officials are in a strange quandary: what to do with the last surviving smallpox viruses. These viruses exist today in only

two places, high security laborato-ries in Moscow and at the U.S. Centers for Disease Control in At-Now, on the 10th anniversary of

the eradication of smallpox, the experts are questioning whether or not those last stocks of variola virus - the cause of smallpox - should finally be destroyed. "No scientist is working with viable variola viros or is likely to be

Town in South Africa, writing in The Lancet, a medical journal "To the best of our knowledge, he added, "destruction of all remaining laboratory stocks of variola virus would set the final seal on

the attempt to rid the world of this infectious scourge."
But some specialists have argued that the virus should not be erased from the world, partly because unforeseen research uses might arise in the future and partly because once it was destroyed, it could nev-

er be raised from extinction. The deliberate extinction of a species would be an unprece step. But this is a species that, over thousands of years, has killed many millions of people, often killing one in five of those infected and disfig-

uring many of the survivors. Now the only surviving represe tatives of the virus are stored in vials kept in freezer lockers at minns 94 degrees Fahrenheit (minns 70 centigrade). The high security laboratory in

Moscow is now used mainly for diagnostic work on the AIDS virus, according to a doctor who visited there recently. The laboratory at the Centers for Disease Control is also used for other purposes.

The last naturally transmitted case of smallpox occurred in Merka, Somalia, in late October 1977. It is from this case that the 10-year anniversary is dated.

In 1978 two cases occurred in England because the virus accidentally escaped from a research laboratory. There have been many rumors, but oo actual cases of smallpox anywhere since then. Until 1981, research was still

done with the live smallpox virus. particularly for the purpose of comparing it with suspects brought in from rumored smallpox cases anywhere in the world. But that use of the laboratory stocks is no longer necessary because advances molecular biology have provided a safe alternative.

collection of circular pieces of DNA called plasmids that can be grown in bacteria. Each plasmid holds a different small portion of

the virus DNA. Specialists say it would not be possible to grow a live virus from the combined material of the whole second, that the preservation of

plasmid collection.

Dr. Dumbell questioned virologists throughout the world about the desirability of destroying the virus. Of the 61 scientists in 22 second, that the preservation of openly retained stocks was preferable to destroying them and country was keeping secret stocks for possibility that some country was keeping secret stocks for possible use in biological warfare.

By Harold M. Schmeck Jr. from the virus is maintained in a countries who responded, only five

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By LEONARD

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preserved indefinitely.

Those five offered two reasons: first, that the virus could be kent in storage with minimal risk and that this should be continued to pre-

IN BRIEF

Panel Criticizes Rise in Caesareans

allowed to do so," said Dr. Keith Dumbell of the University of Cape WASHINGTON (NYT) — About half of all women who gave hirth by
Caesarean section last year in the United States did so unnecessarily and
perhaps dangerously, according to a report issued by a non-profit
organization founded by Ralph Nader.
About 906,000 Caesarean deliveries were performed last year, about
24.1 percent of the total, according to data presented by the Public
Citizen Research Group. The rate of Caesarean sections has quadrupled
over the last 16 years the report said. Dr. Sidney Wolfe, director of the

over the last 16 years, the report said. Dr. Sidney Wolfe, director of the group, said physicians generally agreed that only about 12 to 16 percent of mothers required the procedure.

The reasons for the excessive use of Caesarean sections, the report said were the "outdated policy" of repeating the procedure for any mother who has already had one and overdiagnosis of abnormal labor and fetal distress. Dr. Wolfe also asserted that the procedure was widely used because Caesarean deliveries are more profitable and more convenient. If the increase in Caesarean deliveries is unchecked, the rate will increase to 40 percent of all births by the year 2,000, the group predicted.

Earth's Temperature on the Increase

WASHINGTON (AP) — The long-debated "greenhouse" warming of Earth could become noticeable in the next decade, according to James Hansen, director of the Goddard Institute for Space Studies. Scientists have warned that Earth's atmosphere is being changed into a greenhouse like environment, trapping more heat from the sun than can escape into space — a result of adding carbon dioxide and other gases to Earth's atmosphere, largely through burning fossil fuels and wood.

Added carbon dioxide in the atmosphere has raised the planet's average temperature about 0.6 degrees centigrade (one degree Fahrenheit) during the last century, but in the coming 100 years the rise could be 2 degrees to 5 degrees centigrade, Mr. Hansen added.

The change will result in more extreme days that can affect people, crops, energy use and other parts of society. The most likely results of a warming include increasing rain and snowfall in some areas, warming of the polar regions in winter and a cooling of the upper atmosphere.

Photos Spur Himalayan Yeti Debate

NEW YORK (NYT) — The Himalayan yeti debate has been revived by an English physicist who described a sighting and presented two sets of photographs as evidence during the annual meeting of the American Alpine Club. Anthony B. Wooldridge said he encountered what be lieved was a yeti in the Himalayas last year.

His main evidence consists of two sets of photographs taken on March 6, 1986, on an 11,000-foot (3,350-meter) Himalayan trail near India's border with Tibet. One photo shows fresh tracks in snow made by enormous feet with widely splayed big toes. The other, taken from a distance of 450 feet through a wide-angle lens, shows a silhouette of a vaguely human figure. His photographs have prompted skeptical comment even from self-proclaimed yeti believers. Dr. Grover S. Krantz, an anthropologist at Washington State University said, "Those pictures are definitely not of a read "Proceedings of the processing Parties are definitely not of a read "Parties". definitely not of a yeti." By his own account, Dr. Krantz said, Mr. Wooldridge never positively saw the thing move. Dr. Krantz said he was sorry to cast doubt. "I am absolutely convinced that the North American assquatch exists," he said. Although the photograph is sharp and well afe afternative.

exposed, the figure in question is so distant that an enlargement of the Most of the genetic material image reveals little detail.

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THURSDAY, NOVEMBER 5, 1987

WALL STREET WATCH

What Markets Need Most Is International Cooperation

By LEONARD SILK

New York Times Service EW YORK - The stock market has behaved in a worrisome manner this week, and analysts have rounded up the usual suspects. Some fear the dollar might plummet if the central banks are unwilling to support it; others that, in Washington, cutting the budget deficit has stalled; still others that the cuts might be too little to rally the markets or too much for the economy to sustain. Some feel the United States and West Germany are locked in a conflict over how to deal with the crisis; others are unsettled by Reagan administration indecision on the currency question. And some cite the nervousness of stockholders, still shocked by Black Monday, rushing to take profits.

But what ails the market may be deeper: not just the plations to respond to it.

Arnold Toynbee, the British historian and philosopher, maintained that it was wrong to see history as cause-andeffect. That effect follows

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and predictable," he said, but the initiative people take to their encounters is "not a cause; it is a challenge. And its consequence is not an effect; it is a response." Unlike the effect of a cause, the response to a challenge is not predetermined, and is therefore "intrinsically unpredictable." Thus, in Germany the Great Depression brought Adolf Hitler

and Nazism to power; in the United States, it brought Franklin D. Roosevelt and the New Deal. The present turnoil may confront finations with a test comparable to that of the 1930s, and a successful response must achieve now what was not achieved then: a concerting of national policies that turns crisis into constructive change. In the United States, this means a willingness to deal with the causes of the deep trade deficit and the weakness of the dollar, Though shrinking the budget deficit will not cure all problems, it is hard to see how confidence in America's ability to deal with problems can be restored without political leaders showing that they can work together. Though a genuine plan for restoring fiscal balance may not, in itself, solve the trade problem or restore the dollar, it would prove that the United States was on the way. And to insure that the first steps toward fiscal balance did not put more downward pressure on the economy, steady monetary growth is needed to sustain the economy and its financial institutions.

UT EVEN MORE so than half a century ago, stable growth requires international cooperation, which was not present last time. The most disturbing aspect of late was the apparent falling apart on basic economic policy of the United States and West Germany.

ir. The need of the moment is not to come up with a marvelous economic formula that bridges U.S. and German differences. with Washington determined to stave off recession and Bonn determined to stave off inflation. The markets first need to see a demonstration of the political will to address the issues in a cooperative spirit, recognizing that not just each nation's interest but the interests of all nations are at stake.

So national leaders need to talk together to reconcile their differences and clarify their purposes and policies. During his visit to the United States this week, Karl Otto Pohl, the president of the Bundesbank, sought to do so in talks with his counterpart, Alan Greenspan of the Federal Reserve Bank, and other leaders. The costs of sticking to the exchange rates agreed to by the Western trading partners at their February meeting in Paris has proved too costly for both the United States and West Germany. That need not mean breaking communications and cooperation. If the markets got the idea that all efforts to stabilize currencies had ended, the result would be dangerous, and possibly disastrous.

Currency Rates

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Brussels(a)	25.73	52,485	20,925	4.149	2.8365 *	18.4055		25.385	0.2613
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Interest Rates

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Bank of Takra, Com

Source: Merrill Lynch, Telerale.



Marris says one thing he has learned in a long career as an economist is that it's easier to make money talking about the dollar than betting on it.

Portents of an Economic Doomsayer Stephen Marris Sees Little Chance of Avoiding Recession

By Clyde H. Farnsworth New York Times Service

WASHINGTON — Stephen Marris walks with shoulders stooped, head tilted forward, gray locks slightly disbeveled, as if he were bearing the woes of the world. In a sense he is, as the Cassandra of Dupont Circle.

Mr. Marris, a British economist, earned the nickname after he wrote his first work for the Institute for loternational Economics, a research organization at 11 Dupont Circle ocar a cluster of other such groups. The book, published in 1985, was "Deficits and the Dollar: The World Economy at Risk."

In it he argued that the United States and the rest of the world were beaded for an unpleasant recession. Like some other prophets of financial gloom, he foresaw that budget and trade deficis would depress the dollar and that to attract foreign capital the United States would have to raise interest rates. In turn, he said, that would raise the cost of

capital, cause declines in the stock market, curb consumer spending and slow the wheels of industry. Cassandra, the daughter of Priam, king of Troy during the Trojan War, was cursed by Apollo: Her prophesies, although true, were fated never to be

Although this year the dollar has fallen, interest rates have risen and stocks have collapsed, Mr. Marris says he is boomg that - unlike the classical Cassandra - his forecast of recession will be believed but fated never to come true.

If action is now taken to cut the budget deficit substantially, by say \$100 billion over the next two years, he contends, an economic slump can be

"We're in a race between the political process and the market process," he said. "If the political process doesn't work, I'm afraid markets will do it for us, and not very pleasantly either because markets tend to overshoot."

He was referring to further stock market falls, which could bring on a recession: Consumers would buy fewer Japanese cars or Korean television sets. cutting the trade deficit - but only at a high cost in lost jobs and income.

Even if the stock markets now sente down, Mr. Marris believes it would not take much to bring the country back to where it was three weeks ago.

"U.S. interest rates will have to rise, and Wall Street will have to fall, as far as needed to bring the administration and Congress to their senses to eliminate the budget deficit," he said.

Mr. Marris, a 57-year-old economist with a doctorate from Cambridge University, worked most of his career for the Pans-based Organization for Eco-oomic Cooperation and Development. He began with the OECD in 1956, and from 1975 until he left the organization in 1983 he was economic advisor to the secretary general.

Mr. Marris said he hoped to retire in the next couple of years and sail with his family in the

He is so convinced that the dollar is headed lower that he keeps his savings in Deutsche marks. They are parked in Frankfurt," he said, "ready to be converted into British pounds to buy a 34-foot

"I don't have much money," he said, "but one thing I have learned to that it's easier to make money talking about the dollar than betting on it."

U.K. Banks Cut Base Rate By Half a Point, to 9%

LONDON - The Bank of England sanctiooed Wednesday a half-point cut in key British interest rates, to 9 percent, in an apparent effort to reverse a sharp drop in stock prices and to slow the swift rise of the pound against the dollar. But analysts said that the move had already been discounted by financial markers. They said that addinonal rate cuts would be necessary to dispel concerns about a declining dollar and a global eco-

oomic slowdown, which have weighed heavily on stock prices. Officials at the Bank of England indicated that the rate cut was unilateral and not part of a round of rate-trimming, coordinated with the U.S. Federal Reserve and Euro-

pean central banks. Shortly after 2 P.M., when a key stock exchange index had dropped 83.6 points to 1,570.3, the Bank of England said that it would lend funds 10 the money market at 9 percent, a drop of 0.375 percentage

Britain's major clearing banks, led by Barclays Bank PLC, then moved to trim their base lending rates, effective Thursday, to 9 percent from 9.5 percent, where base rates have stood since Oct. 23. Britain's base rate, analogous to the U.S. prime rate, provides the basis for all commercial loans.

The base-rate cuts triggered a rally on the Londoo Stock Exchange, but the FTSE index of 100 shares still closed down 45.8 points, at 1,608.1. Shares had begun the day sharply lower, touching a trough of 1,565.4 on the FTSE index, despite a bullish speech Tuesday on the British economy by the chancellor of the Exchequer, Nigel

The FTSE index has shed 8 per-cent so far this week, from Mooday's opening level of 1749.

The pound, which in theory should shed some of its value



A London dealer during Wednesday's trading.

against the dollar following a British rate cut, rose slightly to \$1,7465 in London, from \$1,7415 on Tues-

exporters that are beavily dependent on sales to the United States and other dollar-based markets. The pound's appreciation against the dollar over the past week was a major factor in prompting the rate cuts Wednesday, officials indicat-

British bond prices, meanwhile, seesawed on the news of lower rates. As stock prices rebounded, British treasuries, know as gilts, gained about one-quarter point, lost it and then regained it, dealers

significant because Prime Minister Margaret Thatcher and Mr. Lawson had indicated recently that Britain

would need to be in tandem with parallel moves toward economic stimulus by the United States and

West Germany. "The distinct impression from Mrs. Thatcher and Mr. Lawson was that they were waiting for the Washington to deliver cuts in the U.S. budget deficit," said Peter Fellner, a senior economist with the brokerage firm of James Capel & Co. "That's why the timing of today's move came very much as a surprise.

"The trigger for the rate cut, therefore, must have been the collapse of the equity market," Mr. Fellner said. "Obviously if the equity market continues to plunge. this will put pressure on the chan-cellor and the Bank of England to sanction further base rate cuts." A stroog pound would increase that pressure, he added.

Mr. Lawson has said he does oot want a meeting of the so-called Group of Seven finance ministers until Washiogtoo produces an agreement oo slashing its federal budget deficit.

The Group of Seven includes the United States, Britain, West Ger-many, Japan, Canada, France and

Many market analysts had expressed consternation that Mr. Lawson did not called for base rate cuts during a statement to Parliament on Tuesday. Following that speech, John Smith, the Labor Party's spokesman on Treasury affairs. sharply criticized Mr. Lawson for oot cutting British rates, which be said are among the highest in the

The last British rate cut, less than two weeks ago, followed the release of better-than-expected trade figures for September. The trade figid. ures put upward pressure on the The signal to cut base rates was pound, which gave the government some leeway to push down interest rates. Analysts had said at the time that the government was seeking to would not unilaterally trim its rates, boost stock prices and stave off They had suggested that a rate cut fears of a global recessioo.

Bundesbank Expected to Stand Firm on Rates

Ailing Dollar Creates Pressure for Interest Rate Rise

signal required to rebuild optimism in the stock

to pump in liquidity by lowering interest rates," said Stephen Marris, who specializes in curren-

cy analysis at the Institute for International

Economics, a research center in Washington. "Foreign markets are looking for a signal that the Fed is prepared to let interest rates rise and

The dollar's decline reflects the fact that foreign investors are no longer willing to fi-nance the U.S. spending deficit, economists said. Higher interest rates would be required to

The dilemma confronting the Federal Re-

serve is that if interest rates are pushed too high, a 1930s-type depression could follow the recent stock market crash. On the other hand, allow-

ing rates to go too low could fuel inflation and

A weak dollar helps narrow the trade deficit by giving U.S. firms a price advantage abroad,

but it also increases domestic inflation by in-creasing the cost of imported goods and de-

creasing competition for domestic producers.

Domestic prices then rise, said Dale W. Larson,

lead to renewed fears among investors.

keep foreign investors in the U.S. markets.

The domestic market is looking for the Fed

By Ferdinand Protzman

International Herold Tribane
FRANKFURT — West Germany's central bank, at the center of a growing storm over the country's rigid monetary policies, will almost certainly leave its benchmark discount rate unchanged at the regular Thursday meeting of its policy-setting council, analysts agreed

Despite growing international and domestic pressure for a rate cut to stimulate the German economy, these analysts say, the Bundesbank is likely to continue its present policy of fine-tuning rates through its manipulation of bquidity in the money markets.

A change in the discount rate, the rate from which all others are scaled upward, is one of the most dramatic weapons a central bank can use to influence a nation's

By Douglas Frantz Los Angeles Times Service

LOS ANGELES — The weakening of the
U.S. dollar on foreign exchange markets has

created more pressure on U.S. policy makers to

defend the dollar by raising interest rates at the

risk of triggering a domestic recession.

The dollar reached record lows against the Deutsche mark of 1.7050 and 136.03 Japanese yen on Tuesday before rebounding slightly in New York. On Wednesday, the dollar was

again weak on European exchanges, but remained above the lows it had reached the day before. By the close of trading in London, the dollar had slipped to 1.7115 DM and 137.25

Currency traders said that the absence of a

Economists viewed the continued instability

of the dollar, which has declined dramatically

since the stock market crash last month, as

another sign of the evaporation of confidence

The trouble is that efforts by the Federal

Frankfurt. "The Bundesbank has plenty of room to push interest rates lower in the money market. I think they will-only consider a discount cut when they have used up that room.

The 17-member central bank cussion of interest rates is on the agenda, with Finance Minister Gerhard Stoltenberg expected to present Bonn's position, according to banking sources.

But economists and market sources said that Chancellor Helmut Kohl's center-right coalition will almost certainly keep to its cautious monetary policy and ask to keep the discount rate at its current level of 3 percent.

The discount rate and the littleused Lombard rate were last low-"A cut in the discount rate is oot ered in January 1986, when they likely now," said Peter Pietsch, an were cut by one-half a percentage zero inflation.

defend the dollar."

economist at Commerzbank AG in point each, as part of a coordinated round of discount-rate reductions with the United States and Japan. The Lombard rate is currently at 5

The United States has been pressing West Germany to lower its discount rate for months, arguing council consists of the Bundes- that such action would raise dobank's directors and the heads of mestic consumption and import and sparking faster-paced economic growth throughout Europe.

Over the past two weeks, exchange-rate factors have added weight to those demands, as the dollar's fall against the Deutsche mark has increased tensions within the European Monetary System,

analysts said. Since the stock market panic on Oct. 19, the demands have taken on a harsher tone. The U.S. Treasury secretary, James A. Baker 3d, accused the Bundesbank of bringing about the crash through what he called its obsession with pursuing

Although the Bundesbank's president, Karl Otto Pöhl, has vig-orously denied that charge, it is being echoed even within the nation's financial community, which normally supports Bonn.

Leading bankers such as Alfred Herrhausen, managing board co-chairman of Deutsche Bank AG, Germany's largest commercial downward trend in interest rates. One central bank cosmeil member Wilhelm Nölling, has also called for lower rates.

"What Mr. Baker said about the Bundesbank causing apward pres-sure on global interest rates is absurd," said a senior official at a large Frankfurt bank. "But it was

clearly a mistake when they pushed y-market interest rates higher shortly before the stock crash. They may be feeling less sure of themselves now," the official said,

"and there are proponents of a rate cut on the council."

"It means that our living standards are lower because we can't have all the relatively inexpen-

sive imports that we have been enjoying in

recent years, and we also would expect to see the price of competing domestic goods to go

lo other words, the cost of a new Toyota or

Other economists see a need for action, such

Lars J. Pedersen, a senior economist at Mer-

rill Lynch & Co. in New York, said that the

dollar might stabilize and provide policy makers with enough time to restore the confidence of foreigo investors by unveiling decisive action

"I'm assuming there is a good chance we can still do it, but I'm oot saying that it's guaran-

Mr. Pedersen and Mr. Larson said that the

dollar may simply be finding a new range in

BMW will go up, but so will that of a compara-

as a major move by Congress and the Reagan administration toward reducing the federal

Mr. Larsoo said.

to reduce the federal deficit.

teed." Mr. Pedersen said.

ble American car.

Says No to Graft, Yes to Gifts

Philippines' Customs Chief

MANILA — The Philippines' new customs commissioner said Wednesday that while he frowned on the corruption rampant in his department, he had told his poorly paid officers that they could accept tokens of appreciation" from satisfied importers.

"I am looking at this in a very practical way," retired army Lieutenant-General Salvador Mison said.

"I don't believe in reducing graft and corruption by catching people," he said. "I am in favor of making the system such that it will be hard for them to make some monkey business."

General Mison was appointed by President Corazon C. Aquino as part of a government shake-up in September. In his first days in office he dismissed some customs officials, recalled a fleet of impounded BMW and Mercedes Benz limousines that had been lent to senior government officials and speeded up customs clearance by reducing

the oumber of signatures needed on import documents from 42 to six.

Since his arrival, he said, customs collections had gone up by about 3 million pesos (\$144,500) a day. Customs Bureau figures show that

revenue at the three largest points of entry — Manila's port, interna-tional airport and container terminal — climbed by 55.8 percent to 1.7 billion pesos in September from 1.1 billion a year earlier.

Total customs revenue rose 44.5 percent to 18.6 billion pesos in the first nine months of the year, from 12.9 billion in the like 1986 period.

"You don't have to butcher them," General Mison said of importers. You try to get the maximum amount due the government and then after that, if they give you anything as a token of appreciation, it's okay with me, provided it is given by these people without any ulterior

General Mison said he had told customs officers that he knew their salaries were quite low, but that this should not be an excuse to extort

He added that he had only fired customs officials when irrefutable evidence of corruption had been presented against them.

"Let's say you are an importer," General Mison said. "You come in and I help you without any precondition. Instead of getting it"—the consignment — "in 10 days you get it in three days. You are very happy. So if you come to me and you say, Thank you very much, Mr. Mison, and as a sign of appreciation here's a reward' — this is part of our culture, Filipino culture."

CORUM

a senior economist at Bank of America in San Reserve to restore confidence in the dollar by raising interest rates is precisely the opposite Francisco. Brazil Debt Accord Is Seen

United Press Internations.

tributed to the skid.

in financial markets.

creditor banks have agreed on a used to pay interest due from Octoformula to solve problems caused by the country's unilateral morato-rium on bank interest payments, leaving only interest rates to be resolved, bankers said Wednesday.

On Feb. 20. Brazil suspended payments on about \$70 billion of medium- and long-term debt owed to commercial banks. Interest due on that money through the end of the year is \$4.3 billion.

Short-term debt and official government loans comprise the rest of Brazil's approximately \$112 billion of foreign debt. Members of the committee representing the banks, who asked not

Bank for International Settlements NEW YORK - Brazil and its in Geneva. That money will be ber to December and will be sent to the banks by Dec. 31. A subsequent deposit of \$3 bil-

bon - \$1 billion from Brazil and 52 billion from the banks - will remain at the bank until next June, bankers said.

One source said that Brazil wants to pay interest on the first deposit at the London interbank offered rate - charged on overnight bank-to-bank dollar loans in Europe. The banks are seeking an unspecified level above that.

On the second deposit, the banks want Brazil to make up the difference between the Bank of Internato be named, said that Brazil will tional Settlements interest rate provide \$500 million and the lend-"about 4 or 5 percent" - and marers \$1 billion to be deposited at the ket rates.

year book of GREECE-87

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response to the stock market turbulence. But Mr. Marris expressed concern that failure to take decisive action on reducing the federal deficit could send the dollar spiraling down-CORUM

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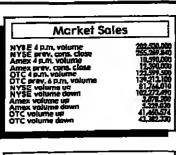
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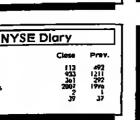
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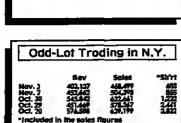
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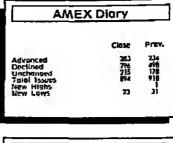


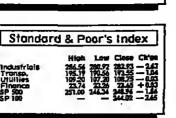


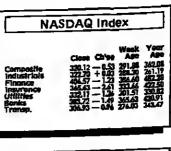
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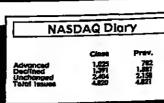
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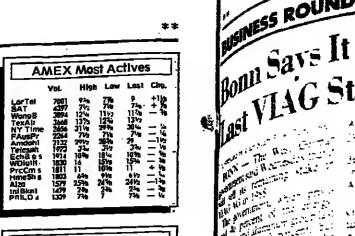




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MARKETS: Dow Falls 18 Points, Off Lows

nothing happens by this weekend, the market could get extremely ugly."

"People are very hopeful that they saw the worst" after last month's plunge in share prices, said William LeFevre, a market strategist for Advest Inc. "But at the least sign of decline, they sell. I don't blame them, it's human nature."

The New York Stock Exchange index dropped 1.00 point to 139.11. Standard & Poor's 500-stock index slipped 1.86 to 248.96. The average price of a share lost 23 cents.

Earlier, prices had fallen sharply in Asia and Europe. The Tokyo Stock Exchange's key index, the 225-stock Nikkei average, tumbled 298.07 yen, or 1.3 percent, closing at 23,060.53 yen. The index had gained 29.69 on Monday. The exchange was closed Tuesday for a holiday. Stocks also fell in Hong Kong and Sydney, and the declines continued in European trading.

and the declines continued in European trading. In London, the Financial Times-Stock Exchange index of 100 leading shares dropped 45.8 points, or 2.7 percent, to 1,608.10. The market closed off its lows after the Bank of England pushed interest rates lower.

Wednesday's market uncertainty resurrected the same fears that incited the world stock

Tuesday, down 50.56 points for the day. The session ended a five-day partial rally that had bolstered the average by more than 220 points. "A lot of the drop is from overseas investors based on lack of confidence in Washington.

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said Phillip C. Puccio, manager of institutional trading at the New York investment firm Dillon, Read & Co. "I think the market is extremely volatile and I for one won't be buying."

Larry Wachtel, a market analyst with Pru-dential-Bache Inc., said the intense focus on the budget-cutting talks could lead to trouble later.
"It's all so simplistic," Mr. Wachtel said, referring to what he called the "blinding flash"

will respond negatively.

Analysts cited the weak dollar, and the likely

decline in Japanese export earnings, as the ma-jor factor behind the Tokyo Stock Exchange's

In Hong Kong, stock prices fell sharply in light trading. The Hong Kong Stock Exchange's key Hang Seng index slipped 103.63 points, or 4.7 percent, to close at 2,077.11. In Australia, the Sydney Stock Exchange re-corded a major decline, with the All Ordinaries

cent of its underlying value since Oct. 20, responded Wednesday to a weaker Australian dollar and the 50.56-point fall Tuesday on Wall

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(Continued from Page 1) nothing happens by this weekend, the market

collapse last month, dealers said, and came after another skittish day in which the Dow average briefly was down more than 100 points. The Dow index finally finished at 1,963.53 on

theory. In that misgnided view, he said, "they cut the budget and everything will be all right."

Mr. Wachtel said he is afraid that if the budget talks yield nothing more than the \$23 billion cut expected in the first year, investors will respond negatively.

Index plummeting 74.4 points, or 5.4 percent, to

In Paris, the Bourse index fell 2.88 percen while in Frankfurt, the Commerzbank index dropped 57.4 points, or 3.8 percent, to 1,427.90. (AP, UPI, Reuters)

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Paoli, Pennsylvania 19301 Will Examine French Write-Off KENT.

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Last VIAG Stake in '88 BONN - The West German gel government said Wednesday that it will sell its remaining stake in VIAG AG in 1988. The government, which priva-tized 40 percent of the energy,

chemicals and aluminum group last year, still owns 60 percent, but 12.56 percent of that is held by the stated-owned West German Reconstruction Loan Corp. The Finance Ministry statement said the sale of that share also could be expected in 1988.
The timing of the announce-

ment is a surprise," said an equities analyst for Westdeutsche Landesbank AG in Düsseldorf. "That the sale will be in 1988 is nothing astonishing. The government needs money for the 1988 budget to finance the planned tax reforms.

"I think they announced it now to try and take pressure off the stock market and to show determination to follow through with their plans in the medium term," the analyst said. Tax cuts of about 14 billion

Deutsche marks (about \$8 billion at current exchange rates) are to go into effect at the start of 1988, reducing government revenue. The Finance Ministry said Wednesday that the sale of the VIAG stake

EC Will Examine French Write-Off Of Renault Debt

BRUSSELS - The Enropean Community's executive commission said Wednesday that it will examine the French government's plan to write off 12 billion francs (about \$2 billion) of Renault's debt to determine whether the move conforms with EC competition

An EC statement said the commission, which must ap-prove the write-off, believes it would give a competitive advantage to Renault, the state-owned automaker, and might distort competition within the

The commission has taken a hard line recently against state aid to national companies.

The statement said the EC commissioner for competition, Peter Sutherland, had told the French minister of industry, Alain Madelin, that a number of aid measures to Renault would be examined together.

would be written into the 1988 bud-

The ministry also said it would decide this week on when to sell its l6 percent holding in Volkswagen AG, the nation's largest automaker.

In September, Finance Minister Gerhard Stoltenberg said the privatization of Volkswagen probably would take place this year. But because of the stock market crisis, equities analysts believe, the sale is likely to be postponed until 1988.

Following the markets' fall. VW abruptly canceled a presentation to the Frankfurt banking community, scheduled for early November. Shares of VIAG, which had re-

cord profits in 1986 of 148 million DM, closed Wednesday at 185.5 DM, down from Tuesday's 190. The ministry said the govern-

ment held a nominal stake in VIAG worth 275 million DM, while the Reconstruction Loan Corp. stake was worth a nominal 73 million DM. At current prices the combined stake would be worth 1.3 billion DM. VIAG's total nominal capital is 580 million DM.

The government has set a budget deficit target of 29.3 billion DM for 1988, but some independent analysts expect it could be as high as 33 billioo, not taking into account the (Reuters, IHT)



Texaco Says the Fight Will Go On

Texaco Inc.'s chairman, Alfred DeCrane Ir_left, and president and chief executive officer, James W. Kinnear, announce that the beleaguered oil giant will ask the U.S. Supreme Court to overturn a \$10.3 billion judgment awarded to Pennzoil Co. On Monday, the Texas Supreme Court let stand the award, the largest ever against a company, and analysts say Texaco's last hope is to argue that Pennzoil violated U.S. securities laws when it sought to take over Getty Oil Co. in 1983.

Market Collapse Spells Hard Times for Computer Makers

BOSTON — The New York stock market's sharp fall in the past few weeks points to hard times for the U.S. computer industry, which is just recovering from two and a half years of dismal orders.

Although analysts are undecided recession come true, they say the large computer makers most damaged by the order slump of 1985-86 would also take the brunt of anoth-

But certain segments of the mar-ket, particularly desktop computers, could flourish in a business environment where companies are trying maintain computing power as they cut expenses.

"If anyone gets hurt it will probably be large and medium-size vendors," said George Colony, president of Forrester Research Group, a consulting firm.

For years the computer industry rode above economic cycles because of productivity gains that

off systems purchases any longer. ers could be the last to feel a 1988 after postponing their plans for two recession because husinesses will However, he cautioned that

be looking to boost productivity. Van Weathers, an analyst for Dataquest Inc., said: "I do not see how large corporate users can put

about how hard hit the industry will be if widespread forecasts of a IBM Presents New PC System

New York Times Service LAS VEGAS - Putting an end

to months of speculation, International Business Machines Corp. has announced that it will begin shipping the next generation of its personal computer operating system in December, a few months ahead of

The system, called OS-2, is to be licensed to hardware makers for \$325; an extended edition including data base and communications managers is to be shipped next July

Developed by IBM and Microsoft Corp., OS-2 will enable users to take greater advantage of the computers offered first-time users. more powerful microprocessors in That changed as computers became the latest personal computers. OS-2 commonplace in industry. Still, can use 16 megabytes of memory, tive of Borland International Inc.

ing equipment "will clearly track the health of the economy."

or more than 25 times the 640 kilo-

spending on information process-

bytes accessible by the current op-erating system, MS-DOS. "OS-2 is important to our industry because it unleashes the power of our new systems," William C. Lowe, a vice president of IBM and president of the entry systems divi-

ion, said Tuesday. IBM said that OS-2 would work on nearly all personal computers based on lote! Corp.'s 80286 and 80386 microprocessors.

Most software developers agreed that OS-2 would enable them to develop new types of application programs, "OS-2 represents an opportunity for all of us to build the software we've been dreaming of for all these years," said Philippe and Digital's fiscal first-quarter Kahn, chairman and chief execu- profits jumped 48 percent over the

Most industry analysts said it is too early to predict a recessioo or Sth African Brewerles revise their own forecasts for computer sales. But no one said they would be surprised if spending on capital equipment dropped off dur-ing the next two months, despite the last two consecutive quarters of United States Alex & Alex Services healthy gains.

"I've talked to large and small vendors the last two weeks and the message they are giving is that they are tightening up, looking for ways to cut costs in case of a slowdown,"
Mr. Colony said.

The stock market takes a negative view of the computer industry's prospects. Hi-tech stocks on average dropped much more than the market as a whole. Those hurt included speculative issues and in-stitutional favorites such as International Business Machines Corp. and Digital Equipment Corp.

The sell-off came just after most computer manufacturers reported their best quarterly performances in three years. IBM reported its first earnings gain in five quarters

U.S. Automakers Report Sales Rose 11.2%

throughout this year.

Chrysler, which bought Ameri-

GM said Wednesday that it will

1987 521.4 52.1 0.69

1987 1,140. 91,9 1,20 1987 3,470. 295,8 3,85

1,090, 70,4 1,04 1,04 3,160, 173,7 2,64

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automakers' combined domestic percent in late October from a year earlier, indicating that last month's brand names, stock market shakeup may not yet Ford's car have burt the auto market, the companies reported Wednesday.

General Motors Corp., Ford Motor Co. and Chrysler Corp. sold 318,133 domestic passenger vehicles during the 10 selling days from Oct. 21-31, up from 286,071 during the like period of 1986.

Their reports for October's law. Their reports for October's last

consumer confidence and demand, Ford's vice chairman, Harold A. Poling, said consumer demand was can Motors Corp. in August, sold recovering with few ill effects and that Ford had no plans to cut its cluding Jeep Corp. vehicles, up 18.8 1988 vehicle production schedules. percent from 23,887 a year before

tors are still the same as before the crash," he said, pointing to falling interest rates, low inflation and lay off many of the 3,700 workers lay off many of the 3,700 workers at low, stable fuel prices.

The companies' car sales fell 0.6

percent, to 196,015 from 197,145 a

year before, while light truck sales

Oldsmobile Cutlass Cieara models

"The underlying economic fac-

1987 273.4 21.9 0.52 1984 267,4 15,7 0.38

1987 1636 (a) 11.9 1987 411.3 (a) 26.9

1984 84,3 2,79 0,22

Company Results

Revenue and profits or losses, in millions, are in local currencles unless atherwise indicated.

Houston Industries

The Associated Press jumped 37.3 percent, to 122,118 built there, Reuters reported from DETROIT—The top three U.S. from 88,926 in the 1986 period.

Detroit.

"We will suspend production un-Domestic sale figures do not incar and light truck sales rose 11.2 clude the imported cars that all til market conditions change," a

three makers sell under their own spokesman said. He said the company did not yet know exactly how Ford's car sales rose 12.6 permany employees would be laid off. cent, to 59,603 from 52,844 a year The plant employs about 3,700 workers on two shifts. before. Light truck sales were up 56.7 percent, to 47,637 from 30,398.

GM earlier announced that its Canadian unit will begin rotating Car sales at industry-leader GM layoffs of 5,900 workers at an Oshawa, Ontario, plant on Nov. 30.

General Motors of Canada Ltd: under a plan worked out with the Chrysler suffered a 4.2 percent Canadian Auto Workers Union, is sales period had been awaited as one decline in car sales, to 32,736 from of the first measurements of the effects of the stock market crisis on sales have trailed 1986 levels and Oldsmobile Sierras, eliminating 2,700 jobs, a union spokeswom-

Half the 5,900 employees will work every other two-week period while the others are laid off, she said.

Weekly ner asset value on America 30-10-1987 **Liowth** U.S.\$ 19.18 **Fund** 723

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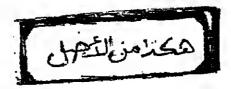
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round you've

ever had. Or perhaps you will.

you'll enjoy

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On Spanish golf courses it's not

you enjoy. It's

before.

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NOKIA

Net sales by Industry Segment

	1987 1.1.31.8	1986 1.1.3.1.8	Change %	1986 1.1.31.12
Electrodica	3,718	2,929	26.9	5214
Cables and Machinery	2,033	1,840	10.5	3,171
Paper, Power and Chemicals	1,729	1,581	9.4	2,401
Rubber and Floorings	933	928	0.5	1.528
Less; later-segment sales	(125)	(186)	(32.8)	(320)
Group	8,288	7,092	16.9	11,994
Exports from Finland	2,901	2,425	19.6	4,426
Exports and foreign subsidiaries	2,911	4,307	14.0	7,138

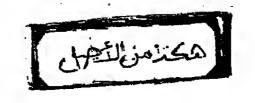
Consolidated Statements of Income. (under IAS, unaudided, in FIM million)

	1987 1.1.31.8	%	1986 1.1.31.8	%	19 8 6 1.1.31.12	%
Net sales	8,288 (7,600)	100.0	7,092 (6,700)	100.0	11,994 (11,016)	100.0
Operating profit	688	8.3	392	5.5	978	8.2
associated companies	38		(26)		(39)	
exchange differences	(58)		(159)		(245)	
Profit before tax and minority interests	668	8.1	207	2.9	694	5.8
Тах	(169)		(73)		(109)	
Minority interests	(110)		(22)		(54)	
Net profit attributable to shareholders	389	4.7	112	1.6	531	4.4
Earnings per share (FIM)	8.13		2.67		12.20	

The outlook for the remainder of 1987 is good. The Group's net sales are estimated to increase by 12% to 13% for the full year. Our estimate continues to be that profits before tax and minority interests will show a clear For your copy of the Interim Report, please contact: NOKIA Head Office, Corporate Communications PO BOX 226 SF-00101 Helsinki, Finland, Tel. (+358-0) 18071. Telex 124442 nokia sf. Telefax (+358-0) 656 388, 608 027,

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Wedne day

Nervous Trac

rally that had lifted it from historic Dealers said that worries over the outcome of budget talks between White House and congres-

sional leaders continued to weigh on the currency.

The dollar had rallied in early warily as the Bank of England the gains, driving it lower in after-

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The dollar closed at 1,7035 Deutsche marks, against 1.7170 DM at Tuesday's close. Against the yen, it ended at 136.65, down from 137.50

The U.S. currency fell to 1.4045 Swiss francs from 1.4170 on Tues er the Bundesbank will cut the disday and to 5.7980 French francs count rate," said Leslie Puth of from 5.8430.

The British pound climbed to. \$1.7545 from \$1.7420 on Tuesday. After opening lower, the dollar rallied to match Tuesday's closing levels, then slipped back again. It got its boost from supportive statements by U.S. and West German officials.

The West German finance minister, Gerhard Stoltenberg, said that the United States wanted the currency to stabilize, while Robert Ortner, the U.S. undersecretary of commerce, said that the currency was competitive at current levels. The exchange markets watched

London D	ollar F	lates
Clasing	Wed	Tue.
Destiche murk Passel sterlies	17115	פנולו
Japanes yes	1.7445 127.35	1,7415
Swiss franc French franc	1,4125	14135
former - 0	5.2225	5.8375

prompted British banks to cut their base lending rates by half a per-

centage point, to 9 percent. The cut in key British rates "might be followed by pressure in cut rates elsewhere," said a senior analyst at a U.S. bank

The \$64,000 question is wheth-Banque Indosuez. Such a cut by the West German central bank would buoy the dollar by increasing the interest-rate differential between the United States and West Ger-

In earlier London trading. U.S. currency finished at 1.7115 Deutsche marks, against 1.7144 DM at the opening and 1.7135 DM at Tuesday's close. It traded between a high of 1.7173 and low of

Against the yen, the dollar ended little changed at 137.25, after 137.23 at the opening and 137.28 at Tuesday's finish. Despite the rate cut, the British pound firmed. "It's defied logic and gone stronger," one dealer said, adding that one possible explanation could lie in the reflationary effect of the move, helping boost confidence dented by the

stock market crash. Against the dollar, sterling rose in Londor trading to \$1.7465 from \$1.7425 at the opening and \$1.7415

at Tuesday's close. On its trade-weighted index, the pound finished up 1 basis point from Tuesday's close of 74.9 per-

cent of its 1975 value. "The longer Reagan dithers over the budget deficit, the more people will turn to the pound," a dealer

He said traders "prefer not to hold their assets in dollars at the moment, and despite the half-point drop in interest rates, the yield no sterling is very attractive."

Against other major currencies, the dollar slipped to 1.4125 Swiss francs in London, from 1.4135 on Tuesday, and to 5.8225 French francs from 5.8375. In earlier European trading, the dollar was fixed in Paris at 5.8120

Frankfurt, up from 1.7050. lo Zurich, the dollar cinsed at 1.4110 Swiss francs, up from 1.4090 on Tuesday.

French francs, up from 5.8090 nn

Tuesday, and at 1.7090 DM in

10-Year T-Note Gets Yield Above Expectations

NEW YORK - The U.S. Treasury's auction of \$9.25 billion in 10-year notes generated lackluster demand Wednesday. dealers said

The notes, for which analysts had expected firm Japanese demand, were given an 8% percent interest rate and were sold at an average price of 99.966, to produce an average yield of 8.88

This yield was above the ex-pected 8.85 to 8.87 percent. dealers said, noting that the highest accepted yield nf 8.93 percent indicated sinck bidding interest Another indicator of slow de-

mand was that the \$17.45 billion in bids covered the required amount only 1.88 times. The average yield was up from 8.74 percent at the last auction of 10-year ootes on Aug. 12 and was the highest since 8.97 percent oo Feb. 5,

The Treasury is due to auctioo \$4.75 millioo of oew 30year bonds on Thursday. The existing issue rose 18/32 to 99 1/32 oo Wednesday.

GROWTH: European Nations Seem Relatively Unaffected by the Crisis

(Continued from Page 1) Germany or France either, says Paul Home, Smith Barney's Paris-

based international economist. Io France, the bourse peaked at the end of March, and shareholder confidence has been suffering more from gradual erosion than a precipitous crisis, be says.

Mr. Home and other private analysts are more concerned about the negative impact on business confidence, probably leading to reduced investment at least in France and West Germany in coming months.

lo making investment decisions, French business usually looks at the Paris bourse as a key indicator of the general economic climate. West German business confidence began recovering this summer from a period of doubts about the economy earlier in the year and could easily "take fright," Mr. Home says.

In Britain, the Confederation of British Industry said last week that while it expected the crash to undermine business confidence to some extent, the consequences should not be exaggerated. The same view is held by Keith

Skeoch, chief economist at James Capel, a London brokerage, who predicts that British business confidence, and business activity, might only be marginally affected. 'I don't believe the impact of the

crash will be as significant as many people think," he says. His assessment is echoed by an Italian finan-

Div. Vid. 100s High Low 2 P.M. Chipe

Several economists said that West forecast for 1988 from 3 percent to more likely in be influenced by pro-spective growth and interest rates oil revenue were excluded, the rest next year than by any difficulty in of the economy would still grow at

a 3 percent rate. raising funds in stock markets. In West Germany this week, the said that even after the stock mar- are no grounds for "catastrophism"

Germany at around the present

tempo is more probable than a seri-

The optimistic view is certainly be-

ing maintained by governments, par-ticularly in Britain and West Germa-

ny. In Italy, the international upheaval has helped to reopen a furi-

ous debate on the country's 1988

The French and West German

governments, however, are still

sticking adamantly to their "pre-

year -2 percent in France and 2.5

12 Month High Low Stock

percent in West Germany.

growth forecasts for next

ous weakening of the expansion."

For the time being, there is generally less

possibility of an abrupt drop in consumer

spending than there is in the United States.

ket collapse, "a continuation of the and that there is no evidence that modest economic upswing in West the collapse of the bourse will have

a significant deflationary effect.

The earlier climb in the bourse

had not acted as a major spur to

economic activity, he contends,

adding that the recent decline in

business investment.

Div. Yid. 1805 High Low 2 P.M. Ch'98

24 17/2 69/4 18 26 15/2 570 34 18/4 16/4

long-term interest rates should help

Many economists also see twin

advantages in lower interest rates

and the lower cost of imports as a

result of the decline in the dollar

and the appreciation of the major

European currencies. Although

there are serious concerns over in-

flation in Italy, there are now no

concern in Western Europe about the

cial analyst, who says that "recessionary expectations have been generally overestimated."

In Britain, Nigel Lawson, the chancellor of the Exchequer, on Tuesday shaved the official growth Nigel Rendell, an international analyst in London. Another cushioo for the West

European business investment was a still-respectable 2.5 percent. He Europeans, he says, is that they depend much more on each nther for their export markets than on the United States. Provided the West European economies contin-In France, Finance Minister ue to grow, they are to that extent five leading economic institutes Edouard Balladur insists that there shielded from the effects of slower

growth in the United States. West Germany, for example, does about 20 percent of its trade with the United States, compared with 60 percent with the rest of Europe.

Nevertheless, everyone agrees that a serious recession in the United States, and a further big drop in the value of the dollar, would radically alter the relatively rosy assessments that are currently fashionable in Western Europe.

Those assessments are all contingent on a further crisis being avoid-ed. For France, particularly, there is a major question mark over the franc, which may have to be devalued against the Deutsche mark. The West German government

insists, albeit to the anger of Washington, that by holding to its cur-rent policy of low inflation and modest growth it can ride out the

In Britain, says Mr. Britton of the National Institute of Economic and Social Research, "We have seen a correction to the earlier climate of excessive optimism, getting underlying inflationary pressures us back in touch with reality."

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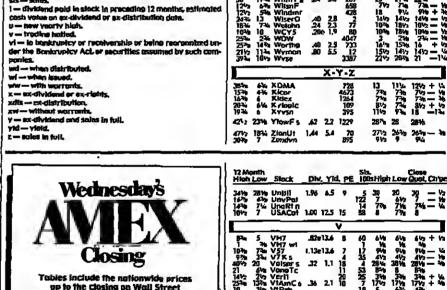
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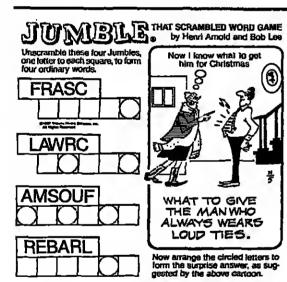
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O New York Times, edited by Eugene Maleska.



'DO YA HAVE ANY GOLDEN OLDIES, LIKE PUFF THE MAGIC DRAGON' OR 'THE CHIPMUNKS'?'



POWERSTERS SEE STATE STA

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TRY THIS NEW HEALTH FOOD FOR CATS, GARFIELD IT HAS EXTRA FIBER SUSPECTED

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BOOKS

WOMAN IN THE MISTS: The Story of Dian Fossey and the

Mountain Gorillas of Africa By Farley Mowat. 380 pages. \$19.95.

Warner Books, 666 Fifth Avenue, New York, 10103.

Reviewed by Mary Battiata

D IAN FOSSEY went to Africa to study the endangered mountain gorillas of Rwanda, but she ended her life trying to save them.

The battle she waged along the way—
against poachers, local cattle herders, Rwandanist poachers, local cattle herders, dan bureaucrats, iteal cause indicates and an bureaucrats, tourists, rival conservation groups, and anyone else who threatened the gorillas or their dwindling domain — earned her a reputation as the irascible helicat of Rwanda's Parc National des Volcans. When she was murdered in 1985, hacked to death two days after Christmas at her remote mountain research camp, those who knew her best could only marvel that it hadn't happened sooner.

"Woman in the Mists," Farley Mowat's life of the late American primatologist, is rich with

anecdotes that show Fossey in all her grit and glory. What it does less well is make sense of the controversy that surrounded her.

Though it was a dilemma she herself chose to ignore, Fossey embodied the problem of West-

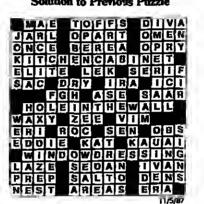
ern conservationists in less developed countries: How does one go about protecting en-dangered animals and lands on continents where most people don't have enough 10 eat? Forced to choose between the needs of people and the survival of a threatened gorilla pie and the survival of a threatened gorma population, Fossey chose gorillas every time. Twenty years earlier, of course, her high-wire conservation act — organizing armed anti-poaching patrols, engaging in shouting matches with Rwandan officials, browbeating her camp staff — would have been tolerated if not applauded.

By 1980, however, it had fallen permanently gut of fever In "Morean in the Mists." Moreat

out of favor. In "Woman in the Mists," Mowat gives a picture of Fossey that is tender and true, but he doesn't adequately explain that

On the face of it, Mowat, the Canadian

Solution to Previous Puzzle



writer and naturalist, would seem the ideal man for the task. His uncomprehising views on the exploitation of land and beast are familon the exploitation of land and beast are familiar from more than two dozen books, including "Never Cry Wolf" and "A Whale for the Killing." Mowat clearly felt a great sympathy with Fossey. In his author's note he writes that during the project she became as "achingly" familiar to him "as if we were of one blood."

That may have been part of the problem.

He confesses that his initial jubilation at having Fossey's journals and papers soon turned to the season that the season to feel like an intruder." His solution was to abandon the biographer's role as "re-corder and commentator," and function instead as a kind of "editorial collaborator."

Now it's the reader's turn to feel uneasy. A Now it's the reader's turn to feet uneasy. A good biographer is much more than a recorder and commentator, and reading Mowar's demurral is a little like being abandoned by Kit Carsoo at the head of the Oregon Trail.

He thanks his editor for rescuing the book after he had become so "embroiled in Dian's life that I thought myself lost forever."

The production schedule required to research write and edit a biography in the space.

The production schedule required to re-search, write and edit a biography in the space of 21 months couldn't have helped. Most of the reporting for the book apparently was done by a research assistant, and though Mowat offers an intriguing and credible solution to the mys-tery of Fossey's unsolved mander, there is little else that is genuinely new here.

And the book seems hastily written. On at least two occasions, he reproduces lengthy newspaper articles where his own words would have done better.

Still, all is not lost. Mowat has made judicious use of Fossey's journals.

She was an engaging writer with a fine, wry sense of humor. He lets her story unfold in a leisurely way and he puts to rest —forever one hopes — the shopworn notion of Possey as a misanthrope who preferred animals to her own species. Although she could be as irritable as a wet cat, she also was capable of great kindness and compassion. And contradiction. She set her own broken

bones on more than one occasion, and regularly plunged into the forest in pursuit of heavily armed poachers, but she was too tenderhearted to butcher the chickens brought to camp for that purpose. She made pets of them instead.

She had an independent streak a mile wide, but she struggled with loneliness and insecurity her whole life and longed, if her journals are to be believed, for marriage or an approximation thereof. It's pleasantly startling to learn that she had

a brief affair with Louis Leakey several years after she first barged uninvited into his camp at Kenya's Olduvai Gorge. The patriarch of paleoanthropology was in

his early 70s by then, but he pursued her ardently, with passionate letters and a ruby ring that she accepted reluctantly after making it clear that she did not wish to continue the

Mary Battiata is on the staff of The Washing-

BRIDGE

By Alan Truscott

At the world champion-ships in Ocho Rios, Jamaica, the open team and women's team titles went to the United States, which was presented with the Bermuda Bowl and the Venice Trophy. Five Americans - Chip Martel, Lew Stansby, Hugh Ross, Bob Wolff and Bob Hamman - retained the open team championship this year that they won two years ago in São players, he introduced his Paulo, Brazil. The sixth winner four-card heart at the two-level was Mike Lawrence, who was and was raised to game.

The American winners of the Venice Trophy for wornen's teams were Lynn Deas, Beth Palmer, Juanita Chambers, Cheri Bjerkan, Kathie Wei and Judi Radin, They pulled away from their French opponents in the final session: Italy took the bronze medal.

A bold bid by Martel on the diagramed deal brought a hearing from the other three route to victory.

withdrew because of illness.

The losers were a determined British team, consisting of Jeremy Flint, Robert Shean. Tooy Forrester, Raymond Brock, John Armstrong and Graham Kirby. They were in a challenging position 16 deals from the end of the match, trailing by 14 international match points, but the Americans performed outstandingly in the stretch and won by 64 points.

West led the diamond ace and shifted to a spade. South won in dummy, cashed two club winners and was happy to see the queen appear. He was now helped by the auction since East's one-no trump bid strongly suggested that he held the heart queen, which was covered by the king and ace. Dummy was entered with a diamond ruff for a trump lead on which East played low. South misguessed by finessing

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Toronto

Canadian stocks via AP

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the eight, but it did not matter. He could not be prevented from ruffing his diamond, and, the heart jack was the thirdfour trumps instead of three. In the replay the British were,

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and last trick for the defense."
Martel would still have had a good chance if East had held. content to play in three hearts, which was exactly made. The profit to the Americans. After Americans gained 7 points en.

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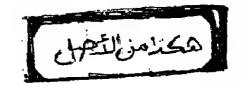
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Listless Indian Brokers Find Action in Cricket

ring at the Bombay Stock Exchange is about as crowded as usual, but instead of watching share fluctuations the brokers gather at two large television sets they bought last mouth.

Their interest has shifted from India's listless stocks to the World Cup cricket tournament, Money is still changing hands at the exchange, but brokers seem to be channeling some of their speculative urges to betting on the matches, even though such gambling is illegal in India.

Live telecasts and the playing of the World Cup for the first time in India and neighboring Pakistan apparently have fucled the interest. Brokers and bookies familiar

with the scale of wagers estimate that throughout India as much as 10 billion rupees (about \$770 million) will be bet by the time all 27 cup matches

have been played.

Diamond and gold dealers and house racing fans also are making high-stakes bets on critket, said the brokers, most of whom asked not to be identified. "I've never seen such interest

in one-day cricket when India is not playing," said Arun Shah, a broker with Jasvantlal Chhotalal & Co. "Because of bearish trends and low trade volume, interest in cricket is phenomenal." While most of the world's

stock markets were hit with wild gyrations in prices the past two weeks, the Bombay ex-change was insulated because it deals only in Indian companies.

The exchange, India's largest,
has been in a slump for months
because expectations that Prime

Minister Rajiv Gandhi would free business from strict government regulation did not pan out. The exchange's index of 30

shares has fallen more than 100

BOMRAY — The trading interest from bulls and bears to Kiwis and Kangaroos, as the New Zealand and Australian cricket teams are known, began in early October as cup competition started.

The daily sales volume during October slumped 25 percent from the September level.

Brokers stoutly deny that they are betting, which was outlawed a century ago by the Prevention of Gambling Act. But many of them can be seen discussing odds just outside the exchange. Betting reportedly has picked

up as the tournament nears its climax. The semifinals were scheduled for Wednesday and Thursday in Bombay and in Lahore, Pakistan, and the final is Sunday in Calcutta, The chairman of a large pri-

vate company, who agreed to discuss cricket betting if his name was not used, bet 300,000 rupees on the phone while he was being interviewed. "We don't have any casinos in

India," he said, "but people have the gambling instinct and the money. It is high time the government legalized betting and made some money by taxing it." Large bets usually are placed by phone, and payday is generally the following day.

"This system works better than a bank," said Jayesh Seth of Kantilai Chhanganial, a brokerage firm. "The money involved can be anything, but if you have won the bet the money will reach you the next morning." R.V. Dhond, assistant com-

missioner of police in Bombay, said an investigation of gamhling would be a major operation because police officers would have to trace calls in India's tangled telephone system. "There is very little in writing," he said, "Proving such cases would be difficult."



Mark McGwire, left, congratulated by Oakland teammate Reggie Jackson after a home run. each league city, McGwire received the Chicago Cubs for the major-

McGwire of A's Unanimous Choice 🔝 As American League's Top Rookie

Compiled by Our Staff From Dispatches NEW YORK — Mark McGwire, the Oakland Athletic first baseman whose 49 home runs set a majorleague record for a first-year player, was unanimously selected rookie of the year in the American League by the Baseball Writers Association of

America on Tuesday. McGwire, the choice of all 28 voters, is the second unanimous selection in the 40-year history of the award. Carlton Fisk of the Boston Red Sox was the first, in 1972.

"The thing that really got me," McGwire said, "was when I was told it was unanimous and that Carlton Fish was the only other one to do that. That was pretty nice." McGwire's selection marked the first time since 1958-59 that players from the same team won the American League award in consecutive seasons; Oakland's Jose Canseco

Albie Pearson and Bob Allison of the Washington Senators were the last to be selected in consecu-

In voting by two writers from

Dickerson is the union's public

relations nightmare — demonstra-

bly greedy and self-absorbed. To a

degree it's no wonder, coming out

of that background. Here is a play-

er who was exposed to the seamy

side of athletics at a tender age. His

college coach was judged to have

cheated, to have broken NCAA

rules. Dickerson himself, though he

never admitted being paid at SMU,

spoke publicly of numerous offers

Even if we're to believe that

were. Dickerson was no babe in the

woods. He knew how the game was

played. What did he learn in col-

other illegal inducements.

from first through third.

Third baseman Kevin Scitzer of Kansas City was second in the balloting with 64 points and catcher Matt Nokes of Detroit third with 32. Seitzer had a league-leading 207 hits to finish sixth in the league in barting with a .323 average. Nokes, helping the Tigers compensate for the loss of free agent Lance Parrish to Philadelphia, batted 289 with 32 homers and 87 runs batted in.

McGwire broke Al Rosen's American League rookie home run mark of 37, set with Cleveland in 1950. He then bettered the majorleague record of 38, set by Wally Berger of the 1930 Boston Braves and tied by Frank Robinson of Cincinnati in 1956.

"One of the top things for me was breaking the records for rookies," he said. "Forty-nine is the record now. When I sat back and thought of 38, I said, 'That's a lot.' But when you look at 49, that's a lot

McGwire tied Andre Dawson of

and authority figures who consis-

tently demonstrated to him the double standard available to great

athletes. Reuniting him with Meyer

is like throwing Br'er Rabbit in the

choices, three second-round picks

and two running backs - even

Perhaps even more amazing than

the ransom was the fact that Dicker-

son was able to move at all. We

know free agency is a mirage. We've

seen major trades become almost

extinct in the NFL. Dickerson is one

of maybe 10 players in the league

who can force a trade because he has

way, his abrupt movement under-

lines how tied down the rest of the

briar patch.

all first-place votes for 140 points, league home run lead while driving awarded on a 5-3-1 basis for votes in 118 runs and batting .289.

His 49 homers were the most ever by an Oakland player. The A's finished third in the Western Division, behind Minnesota and Kan-

sas City, with an 81-81 mark. McGwire's record-breaking 39th home run was off Don Sutton of California, a 300-game winner, on Aug. 14 at Anaheim Stadium. With four homers in April and

of Mickey Mantle's major-league record, set in 1956, of 20 homers in the season's first two months. McGwire, a right-handed hitter,

15 in May, McGwire fell one short

did not become a regular until two weeks into the season. "I wasn't down about not being

in the starting linear right away, he said. "In spring training, I had to earn a spot on the team. But I've always believed that if you can swing the bat, they'll find a spot for

In a three-game series at Detroit May 8-10, be hit five home runs and drove in seven runs. On June 27 and 28 at Cleveland, he tied a major-league record when be hit five homers in two games and scored nine runs.

McGwire, 24, gave up a chance to go for his 50th homer in the final game of the season to be with his wife, Kathy, as she gave birth to their first child. "I saw my son Marthew born,"

be said, "and I consider that my 50th home run." He was determined all year to

keep his achievements in perspective. Home runs, he said, were secondary to winning.
"What I dealt with this year was

tremendous, all the press attention, But what a staggering price he fetched: three first-round draft In a way I'm glad, because if it ever happens again, I'll know how to deal with it," he said. "How can I improve on what I

more than the compensation the Rams would get if Dickerson were did this season? All I can say is that I'll try to do what I'm capable of a free agent. No wonder the NFL doing, go out there and play, be an owners don't want free agency. The way they'd spend, they'd be hroke everyday ballplayer. I'm not going to change anything. That's the way I've been playing since I was in "He's so solid mentally," said

Tony La Russa, Oakland's manag-"That'e one reason he's been able to do it. He's got a ton of ability, but he kept himself real composed. He never got too high or (AP, UPI) too low." ■ Clark Files as Free Agent

irreplaceable services. In a curious The Major League Basehall Players Association said that Jack Clark of the St. Louis Cardinals was one of eight players to file for free agency on Tuesday, bringing the total this year to 40, The Associated Press reported from New

> bome runs and 106 RBIs last season. He batted only three times after Sept. 9, when he was sidelined by a sprained ankle and torn tissues above the same right ankle.

Clark, 31, hit .286 and had 35

Judge Upholds Ruling Against Quinn of NHL

VANCOUVER, British Columbia — A jndge has upheld the Na-tional Hockey League's ruling in a conflict-of-interest case involving Vancouver Canuck President and General Manager Pat Ouinn, but reduced the fine assessed against the team. Justice Patrick Dohm of the Brit-

ish Columbia Supreme Court ruled late Tuesday that John Ziegler, president of the National Hockey League, overstepped his jurisdic-tion last January when he fined the Canucks \$310,000; Dohm reduced the penalty to \$10,000.
But he ruled that Ziegler had the

anthority to fine the Canucks for signing Quinn to a future-services contract while Quinn was coach of the Los Angeles Kings. And he upheld Ziegler's suspension of Quinn from coaching in the NHL until the 1990-91 season.

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Eric (Dotted Line) Dickerson: Have Ink, Will Travel WASHINGTON - Not surattitude is exactly what he was en-**VANTAGE POINT/Tony Kornheiser** couraged to develop by coaches

prisingly, the mail I've received on the National Football League strike has been predominantly pro-owner. Letters effusively praised the replacement players, admired their grit in seizing a labor opportunity with no promise of reward, trumpeted their embodiment of the American dream. The same letters vitriolically condemned the strikers as greedy, overpaid louis who don't appreciate what a good deal they

I agree with most of the players' aims, particularly the right to free agency. My view has been that the owners forced the strike to disable the players' union, and won it by riding uncompromisingly on the

Allier Barber, 1406.556. 5, Gary Player, 1364.323. 4, Orville Moody, 1168.306. 7, Dale

Hockey

WALES CONFERENCE

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Minnessite 8 1 1 8-2 Detroit 2 8 8-2 Correctil 141, Mort ellon (2); Klimo (7).

Ciccorelli 141, MocLellon (2); Kilmo (7),

Shorples 11), Shots on peal: Minnesata Ion Stefon) 9-10-9-4-32; Detroit Ion Takko) 8-6-12-1--27.

NHL Standings

back of scab labor. As to the matter erson, (temporarily) Indianapolis, Can you imagine the scene if Pete of greed, it's a short career, it's a ladiana.

out for himself. But even I have limits. Eric (Dotted Line) Dickerson is a selfish, greedy lout.

This is Dickerson's fifth season in the NFL and his second renegotiation. At this pace he's likely to

break the two most cherished records in football: He'll gain more yards than Walter Payton and sign more contracts than Lou Saban. Hand the guy a pen and make

Have ink, will travel. Wire Dick-

ndiana. Rozelle ever has to present them
Two years ago Dickerson withwith the Super Bowl trophy? Dickbusiness and a player has to look

held his services from the Los An-erson will try to melt it down. Meyer geles Rams for two games, forcing will want it sliced up and given to the team to renegotiate. He accept the boosters. Irsay will try to smugthe team to renegotiate. He accepted a three-year contract, reportedly gle it out of town in a moving van worth \$850,000 per year, including Dickerson is the union's public a \$500,000 signing bonus, and agreed to a letter that specifically prohibited him from renegotisting again for the life of the contract.

This season he decided to reneotiate again. Either he's awful on dates or his word isn't worth the paper it's printed on.

General Manager: Can we count on you. Eric?

Dickerson: I signed the contract, from rival schools of cars, cash and didn't I?

G.M.: That's why I'm asking. Throughout the strike there were Dickerson wasn't paid in college, sports of Dickerson's unhappiness some of his teammates admittedly reports of Dickerson's unhappiness at how much money he was losing by staying out, and routine speculation that he would momentarily cross the line. When he didn't, one might have reasonably assumed that he thought the better course was to

stay solid with his teammates. Now we see that solidarity had nothing to do with his staying out. Dickerson wasn't striking; he was holding out to force the Rams to renegotiate again. Dickerson's strike wasn't about principle, but principal.

When asked about his new \$5.4million contract Dickerson said "It's fat," adding, "I'm very satisfied," Until sundown anyway.

His sense of commitment is like a parking meter: It's fine as long as

you feed it money every 12 minutes. His justification for breaking an-

other contract: "I want to be appreciated. With the Rams I don't think I was appreciated." No applause, folks, just throw money. Publicly, Dickerson has taken the stance that be's done a great

thing for all the underpaid workers in the NFL by taking all these scads of bills to his house. Ripple effect, you know. It's a soothing theory, but somehow it's hard to see Dickerson as Eugene V. Debs. Dickerson, you'll recall, is a prod-

net of the Bonnie and Clyde Academy of Football at Southern Methodist, where he was coached then -as ISS.

SACRAMENTO—Wolved Johnny Rogers.

Sacrament Placed Fronklin Edwards, guard.on
the injured list.

WASHINGTON—Released Tony Compbell,

Dickerson recalled that when he was by Ron Meyer. (Reportedly, Dickerson recalled that when he was a freshman, Meyer promised he'd make him rich someday. Is that some kind of SMU inside joke?)

(Gas 'n Go) Irsay, the team owner - what an honorable collection of gentlemen. And you wonder why Holiday Inns bolt down their TVs.



in the second	
46 44	

Dickerson, Meyer and Robert The newborn Colt: "I want to be appreciated. . . . **ESCORTS & GUIDES** INTERNATIONAL CLASSIFIED

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(Continued From Back Page)

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points in the last half-year, to about 450. **SCOREBOARD**

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1599 1214 1600

INDIVIDUAL

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147 105 1249 9 6
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Golf

Final PGA Leaders Final leaders on the 1767 PGA tour, wi EARNINGS Tra

| Secondary | Seco 78 Meney 27 5925,941 27 5822,481 24 5639,194 25 9621,032 29 5614,351 18 5315,450 24 5525,516 25 552,003 26 5322,398 27 5511,025 22 5511,727 27 5511,025 22 5501,727

15. Corey Pavin 27 \$498,406
1. David Frost, 70.99. 2. Poul Azinger, 70.21. 3. Dan Pohl, 70.25. 4. Ben Crenshaw, 70.35. 5. Tem Kite, 70.38. 4. Fred Couples, 70.41. 7. Tem Watter, 70.31. 8. Scott Hoch, 70.44. 9. Powie Stewart, 70.51. 10. Bernhord Londer, 70.52. DRIVING DISTANCE
1. John McComist, 20.9. 2. Davis Love, 21.1. 3. Joey Sindetor, 280.1.4. Moc O'Grady and Gree

L. John McComish. 2019. 2. Dovis Love. 2015.
3. Joay Sindelor; 2012. 4. Mac O'Grody and Gree
Norman, 278.2. 6. Fred Couples, 276.2. 7. Joy Don
Bloke, 275.2. B. BIII Glosson, 275.1. 9. Phil Blockmar, 273.5. 10, Mark Colcovechia, 273.1.
DRIVING ACCURACY
1. Colvin Peets, 530. 2. Mike Reid, 304. 3.
Dovid Edwards, 775. 4. Larry Mize and David
Frest, 771. 6. Bob Murphy, 769. 7. Hal Sutton,
761. B. Bruce Lietzke, 751. 9. John Macharley,
749. 10, BIII Rosers, 747.
GREENS IN REGULATION
1. G.) Morson, 732. 2. Bruce Lietzke, 729. 2.
Hal Sutton, 719. 4. Mike Reid, Dan Pohl and
John Mohaffey, 713. 7. Mark McCumber, 707.
8. Torn Watson, 735. 9. Fred Couples, 784. 10. 2.
Hed with 702.

PUTTING LEADERS

L Ben Crosshow. 1343. 2. Den Pooley and Ken Brown. 1344. 4. Lonny Wodkins and Mor-ris Hotolsky. 1348. 6. Larry Mize. 1355. 7. Do-vid Frost. 1357. 8. Payne Stewart and Tom Kite. 1361. 10. Grap Norman. 1342. EAGLES Vid Frost, 1757. 8, Payne Stewort and Tom Kite, 1761. 10, Great Norman, 1742. EAGLES

1, Phil Blackmar, 30, 2, Stewa Pate, 16, 3, Gens Savera, Davis Love and Mac O'Grady, 13, 6, John Mahattey, 12, 7, 5 Hed with 11. EIR DIES

1, Dan Forsman, 499, 2, Keith Clearwater, 404, 3, Steva Pate, 404, 4, Dave Rummelis, 392.5. Philipsielphia 8 § 1—1

EIRDIES

1. Don Forsman, 49, 2, Keith Clearwaler, 404.3, Steve Pate-406.4, Dave Rummells, 372.5, Curt Byrum, 385. 6, Joey Sindelar, 382.7, Russ Cockrats, 372. 6, Curt Situmen, 373. 10, Payre Stevent, 367. Siumen, 371. 10, Payre Stevent, 367. PAR EREAKERS

PAR EREAKERS

1. Mark Calcovechio, 221.2 Paul Azinger,
Ben Creishaw and Don Pohl, 214. 5. Curtis
Strange and Poyne Stewart, 215.7, Hai Saffon
and Lanny Wadkins. 214.9, Bernhard Lanner, and Lanny Wadkins. 214.9, Bernhar 213. 10, Chip Beck, 211. SAND TRAP SAVES

1, Paul Azinser, A32, 2, Robert Thompson, 414,2, Fuzzy Zoeller, 6]6,4, Dan Pooley, 484,5. 2 14.2, Fuzzy Zoellef. 6.16. 4. Don Pooley, 804.5.
2 A14.2, Fuzzy Zoellef. 6.16. 4. Don Pooley, 804.5.
3 Bobty Clempett. 6.00. 6. Scell Simpson. 398.7.
3 Bobty Clempett. 6.00. 6. Scell Simpson. 398.7.
4 Mark Colcavecthia. 594.8 Chie Bect. 573.9.
4 Mize. 267.20. 1. David Frost, 581.
597.30. 3, Poul Azinger, 2815.750. 4. Larry 297.30. 3, Poul Azinger, 2815.750. 4. Larry 297

CUP WINNERS' CUP (Second Round, Second Leg) 12-13 10-11 47 42 7- 7 11-12 49 40

Sporting Lisbon 5. Kalmar O (Sporting Lis-ton advances on 5-1 appregate). Royaniemi I, Viaznia Skadra 0) Royaniemi dvances on 2-0 agaregate). Alaianta 2 OFI Crefe 0 (Alaianta advances on 2-1 aggregate), Dynamo Minsk & Real Socieded 0 (Aggre-

European Soccer

CHAMPIONS, CUP.
[Second Round, Second Leg)
Gornik Zobrze I, Glosgow Roneers I [Glosow advances on 4-2 oppres ow advances on 4-2 apprepate). Omania 0, Sleava Bucharest 2 (Steava Bucharest advances on 5-1 opprepate).

Berdeaux 1, Lillestroin 0 (Bordeaux ad-

Werder Bremen & Sportol: Mescow 2 (Werder Bremen odvonces on 7-6 organisate). Sportol Bucharest 3, Brandby 3 (Sportol Bucharest work penalty shootout, 3-0, advances

charest worl peoply snagrour, 3-4, agreeness on 6-3 begrepath).
Flomuriari Viara 2, Wismuf Aue 0 [Flomuriari odvancas on 3-1 oxprepath).
Vitkovice 1, Dundee United 1 | Vitkovice advancas on 3-2 oxprepath).
Dynama Tollish a, Victoria Bucharest 8 | Dynama Tollish (Street en 3-4 oxprepath). namo Tbilisi advances on 24 operesate). Velez Mostar 2, Borussia Dartmund 1 (Bor-

ussig Dortmund advances on 3-2 apprepale). Dynamo Moscow & Barcelona & | Bercelona dvonces on 7-0 apprepale). TPS Turku & Inter Milan 2 linter Milan

Transition

NEW YORK—Waived Geoff Huston, guard, and Leo Rautins, forward. Placed Louis Orr and Bob Thornton, forwards, on the injured

ard: Ennis Whatley, guard, and

ATLANTA—Activated Larry Emery, run-ning back, from injured reserve. Walved Steve Griffin, running back. HOUSTON—Walved Milks Gellc, detensive linemon; Miks Kelly, Barry Pethylotin and

Almon Young, offensive linemen; Eupene Seale, linebacker, and Jaey Walters, wide receiver.

KANSAS CITY—Placed Gary Boldings defensive tuckie, and Lawis Colbert, punter, on injured reserve. Walved Bob Harris, line-backer; Rod Jones, tight end; Matt Stevens, quarterback, and Jitter Fields, punt returner-

quarterback, and Jitter Fields, punt returner-detensive back.

LA. RAIDERS—Traded Bruce Davis, at-tensive tockle, to the Houston Ollers for an undisclosed droft choice, wolved Grey Hill, Ethan Horton and Zeph Lee, running backs, and Willie Teal, cornerback. Walved Keith Browner, linebacker; Brad Tubbe, wide re-ceiver, and Ricky Williams, cornerback, off Interest cacruse. injured reserve.

NEW ENGLAND—Placed Yony Eason ock; Pete Brock, center; Stave Dolg

safety: Tom Barnhardt, sunter, and Scott Leach, linebacker, Placed Mike Waters, tight wide receiver; Jim Bayle, offensive techte; Paul Cawald, center; Chuck Sanders, runnins back, and Chris Sheffield, defensive back. ST. LOUIS—Walved Charles Wright, con-nerback; Jeff Paine, linebacker; John Pres-

ton, safety, and Adrian McBride, Wide receiv-er, Placed Jay Navacek, tight end, on injured SAN DIEGO-Wolved Ty Allert, linebook er, and Danny Greene, wide receiver, Placed Louis Brock Jr., defensive back; Karl Wilson, defensive end, and Dan Rasada, guard, on injured reserve.
SAN FRANCISCO—Placed Keith Fohn-horst, offensive tuckle, and Kavin Dean, line-

backer, on injured reserve. Wolved Tom Couand Michael Durrette, offensive guard.

OEATTLE—Traded Dave Wyman, Xnebacker, to San Francisco for an undisclosed dreft choice. Placed Bruce Schottz, linebocker, on Injured reserve,

TAMPA BAY.—Wolved Crais Suppose, de-

TANPA BAY—Worked Cras Swoops, de-lensive buck: Bobby Bonkton, wide neceiver; Grap Devis, placekicker: Chories Glodman, running bock, and David Jordan, offensive guard. Placed Tyrons Keys, delensive and, and Adrian Wright, fullback, on injured retight end, and Lionel Vital, running back, Placed Eric Cole, center; Brian Davis, deten-

National Basketbolt Association BOSTON—Waived Rick Carlisle, guard. NEW YORK—Waived Gooff Huston, guard.

110.2

WASHINGTON — It's now time for Mr. Crash to answer

Send them a chocolate cake and Bible, and put the ayatollah's your questions. What do the financial markets

Uncertainty. What is the nation looking to? Leadership in Washington 10 resolve this coun-

try's enormous deficits brought about by 50 years of irre-sponsible Democratic leader-

What is lack-Faith in the

Beach Boys to get this country Buchwald moving again.

set over the market? Because his stock is in a hlind trust and his hearing isn't that good Will the stock market dive have

Why is President Reagan not up-

any effect on the summit? Not unless Mikhail Gorbachev has invested his Soviet pension in the Wedtech Tool Company. Who is most responsible for

According to the White House, it is the people who voted against Judge Bork for the Supreme Court. Would this have happened if Bill Casey were alive?

No. According to Boh Woodward Bill Casey told Woodward he was getting out of the market and putting his savings irto Chinese

How do we prop up the Iranian stock market?

All-American Series Of Shakespeare Planned The Associated Press

NEW YORK - The New York Shakespeare Festival plans to present all-American productions of the 36 Shakespeare plays over the next six years, says the festival pro-

ducer Joseph Papp.

The project will cost \$33 million and will feature such stars as Meryl Streep and Kevin Kline, Papp said Tuesday. The first, "A Midsummer Night's Dream," directed by A.J. Antoon and starring Elizabeth Mc-Govern, will open Dec. 7.

picture on all moderate Iranian war

If 1 have 100 shares of Safety Belt Airlines and they drop from \$340 to \$2 a share, should I get out

or hold on to the stock? This is what President Reagan refers to as a market correction. Only people who do not have faith in Wall Street would abandon ship when the price sinks to where it

How did the big shots do on Wall

According to reports, all big shots got out before the crash. Ev-ery affluent person sold out on the previous Friday, at which point they made a pile and confounded all the money managers on the

There is a well-known saying that then Wall Street speezes, the rest of the world gets pneumonia. Is there any truth to this?

There is no truth to it at all. Johnson and Johnson did an experiment in which they had the entire New York Stock Exchange sneezing for three minutes. There was not one case of pneumonia at any market in the world. What happened was that everyone caught Asian flu. They were so irritated by the flu that they sold the dollar at its lowest rate in history.

There are some very smart young people ou Wall Street who aren't very smart right now. What happens

McDonald's has a standing offer to hire all laid-off securities managers and analysts to work in their stores. A vice president said, "Anyone who has sold stock for the past few years can sell hamburgers. A grill is no different to work than a computer. I've had many dealers who started out deep frying potatoes but now have their own golden

How can this country get its house in order so that the average person can become listed in Forbes as one of the richest people in the United States? By demanding that President

Reagan and Congress forget their differences and force us to pay the price and take the pain that will make everyone bite the bullet, which will produce Dow Jones averages that all Americans can be

AIDS Book Draws Anger, Praise

By Robert Reinhold New York Times Service

C'AN FRANCISCO - "I'm not a very good homosexual — I can't keep house, decorate, cook or dress," said Randy Shilts, explaining why he didn't want to meet at his messy apartment. But one thing Shills can do well is report and write, and he has written an unforgiving hook oo AIDS, the scourge of San Fran-

The book, climbing the bestseller lists in the United States, is the talk of San Francisco, where the disease is a daily fact of life for almost all residents, gay or heterosexual. Both his book and his pioneering reporting on the progression of the disease have given Shilts, a reporter for The San Francisco Chronicle, a measure of local personal recognition and power that few newspaper

reporters enjoy.

Leaders of the city's large gay community curry favor with him, and still debate whether the brash 36-year-old writer is a hero or a traitor to their cause.

But few have ignored the book, 'And The Band Played On: Politics, People and the AIDS Epidemic." It is a story with few heroes in which Shilts accuses the press, gay leaders, many medical scientists and, most pointedly, the Reagan administration of fiddling while the epidemic raged out of control.

"On the day President Reagan delivered his first speech about the epidemic," he writes with understated anger, "more than 36,000 Americans had been diagnosed with the disease; over 21,000 had died."

He adds: "The United States, the one nation with the knowledge, the resources and the institutions to respond to the epidemic had failed. And it failed because of ignorance and fear, prejudice and rejection."

It is a rare day at home for

Shilts, between movie oegotiations in Hollywood, television appearances and an 18-city book tour. All the attention seems only to have made the writer more exuberant — some say strident and abrasive — than usual. But few here begrudge him suc-

cess after years of struggling with cred the medical news about a story about a devastating dis-



Shilts on balcony of his San Francisco apartment.

ease that has claimed many of his close friends. When Shilts was hired by the Chronicle in 1981 be was a rarity: an openly gay reporter at a major American news-

He started to write stories about a mysterious "gay cancer." And when, in 1983, it became clear that it was a sexually trans-mitted disease of the immune system. Shilts, who could talk from personal experience about the promiscuous sexual behavior of gay men in San Francisco, concluded that "clearly a disaster" was in the making.

His book is full of anger at

public institutions that, he says, ignored the disease because most of its victims were gay. He denounces the Reagan administra-tion for saying it did not oeed more money for acquired immune deficiency syndrome even as federal medical officials were begging for more. He says backbiting scientists concealed vital information from each other to garner credit. He criticizes the media, saying that while they cov-

But the book has stirred the most reaction here for his ambivalent treatment of gay leaders, many of whom, he argues, shared culpability because they feared the truth about how AIDS was spread would destroy hard-won liberties. His stories focused on the bathhouses where many believed the disease was being

"There was a lot of denial in the gay community," he said. "I was going out of my way to write as much about AIDS as I could. My very existence was a slap in the face of that denial. They said I had gone to work for the Chronicle and sold out, currying favor with my heterosexual bosses by writing about something that made gay people look had." Shilts said the pressures worsened his addiction to alcohol, from

which he is recovering.

But now, with the bathhouses closed and with the disease having become an epidemic, emotions have subsided and Shilts is credited by many with having been prescient, "He was tremendously courageons," said Carole

Migden a lesbian leader who is the chairwoman of the Democratic Party here.

Still, there is lingering resent-ment, a feeling that Shilts has unfairly maligned the gay leadership. "It is not true no one would listen," said Paul M. Boneberg, executive director of the Mobilization Against AIDS. "There were thousands of people doing everything they could. He portrayed the bulk of the community as inactive and self-destructive. He also suggested that Shilts was an active advocate against the baths, not merely an objective reporter.

"Writing about the gay com-munity is like being a reporter in a small town," Shilts said. "You get immediate reaction. I walked down the street and had people shout at me." He rejected suggestions that he should be an advocate for homsexuals.

gay, I do not perceive myself as "Though I'm open about being ng an activist of any sort," Shilts said. "The book has a point of view, but I reject advocacy journalism. I'm just your basic reporter."

blouses and a sweater.

Richard Neustadt, a Harvard Uni-

died in 1984. Williams was di-

liams, a onetime philosophy profes-

Neustadt has a son and daughter.

The theater gave no details Tues-

EMPLOYMENT

DOMESTIC POSITIONS WANTED

Shilts grew up in Aurora, Illinois, and migrated west to study at the University of Oregon. At age 20, he told his friends he was gay and became active in gay politics, later reporting for The Advocate, a gay newspaper.

Shilts described his health as "just fine," although he said he

had not taken the AIDS antibody test because there is no medica treatment available if the test is positive and because he engages in no activity believed to spread the virus that causes AIDS.

At the Chronicle, Alan D. Mutter, assistant managing editor for metropolitan news, said that when he came to the newspaper from Chicago two years ago his "hreath was taken away" by the explicitness of Shilts's reporting on AIDS. But he said he came to recognize it as a major story.

He said he saw no conflict of interest in having a homosexual reporting on AIDS and would still keep Shilts on the beat even if he came down with the disease,"Our medical writer wrote about colds when he had a cold," he said. "The bottom line is proThatcher Rejects Curtsy Prime Minister Margaret the opera now is to be conducted.

PEOPLE

Thatcher admonished a Spanish by Bruno Bartoletti. tourist who curtised to her on Wednesday during a two-hour Christopher Nolan, a young Irish shopping tour in one of London's victim of cerebral palsy who writes est department stores. "You by typing with a stick strapped to his forehead, became a finalist don't do that to me, my dear - I'm only in politics," the British prime Tuesday for one of Britain's top literary awards, the Whitbread minister told Josefa Pagarolas Morell, referring to the practice of Book of the Year prize. Nolan, 21, curtsying only to members of the royal family. Thatcher did sign an autograph for Morell at Marks and Spencer's Marble Arch store on won the biography category for his autobiography, "Under the Eye of the Clock," and is in competition with four others for the Whithread Oxford Street. A visit to the secprize, to be announced on Jan. 19. budget. Gulf. prionnel II oes ond-floor lingerie department was The others are the novelist lan on Thatcher's program when she arrived, but 15 minutes later, after McEwan for "A Child in Time" the poet Seamus Heaney for The reporters and photographers ex-Haw Lantern," Francis Wint pressed an interest in going with her, it was canceled. The prime minister bought about £300 (about Gerald Dean McCangirean for "A \$520) worth of goods, including Little Lower than the Angels." five musical Christmas stockings,

some flower-patterned bed linen, a The French Society of Fine Arts basket of cosmetics, two silk elected the actor, theater director and author Peter Ustinov to the society's foreign association. Shirley Williams, a top British tinov was chosen to replace the laie politician once considered as a pos-American film director and actor sible prime minister, will marry Orson Welles.

versity professor and an adviser to two presidents. Williams, 57, presi-dent of the Social Democratic Par-Art lovers they weren't, but they sure knew their labels. Burke Annty, and Neustadt, 68, plan to marry strong said a well-dressed counter at the end of year, said a party spokeswoman. They will live in En-gland after Neustadt's retirement, walked into his art gallery and stole a Ralph Lauren pillowcase valued at \$120, leaving untouched paint which is expected soon. Williams helped found the Social Democratings worth thousands of dollars. He said he plans to replace the pillowic Party in 1981. Neustadt was the case with a non-designer one. "It's just part of the furnishings," Armfounding director of the Institute of Politics in Harvard's Kennedy strong said. School of Government and was an adviser to Presidents John F. Ken-

0 .

nedy and Lyndon B. Johnson in the A safe sealed by the crooner Rudy Vallee in 1942 held love let-1960s. Neustadt's wife, Bertha, ters from Dorothy Lamour, Hely Lamarr and Alice Faye along with other Hollywood memorabilia. The vorced in 1974 from Bernard Wilsor at Cambridge University. She contents of the safe, which was has a 26-year-old daughter and opened Tuesday in Vallee home in Hollywood Hills, overlooking Los Angeles, were part of a collection of Valice's sheet music, records, Carlos Kleiber, whose concerts in correspondence and other material Rome drew raves from critics, will purchased by the Thousand Oaks Library in California for \$275,000 not conduct Puccini's opera "La Bohéme" due to illness, the Teatro The love letters will be returned to Comunale in Florence announced. the actresses, said Chris Harris, the late singer's publicist. Vallee, who day about what it called "serious became a pop singing sensation during the 1920s with The Whithealth reasons" for Kleiber to cancel nine performances that had been scheduled to start Nov. 21. fenpoof Song," died July 2, 1986, at Franco Zeffirelli's production of age 84.

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